

Special Q1 2024 review

Chart of the week

“Life without rate cuts”

A more resilient than expected US economy and sticky inflation drove rate-hike expectations drastically lower in Q1. 2024 expectations for The Fed crashed from almost seven cuts to less than three... But stocks didn't even blink...



Source: Bloomberg, www.zerohedge.com

WEEKLY REVIEW: A strong end of Q1 for stocks

The major equity indexes advanced over the shortened trading week to end a quarter of strong gains. The S&P 500 Index recorded new closing and intraday highs to end the week. The market's advance was notably broad, with an equal-weighted version of the S&P 500 Index gaining 1.64%, well ahead of the 0.39% increase in the S&P 500. Small-caps also easily outperformed large-caps. market activity was generally subdued ahead of the holiday weekend. US economic data were mixed. Durable goods orders ex- defense & aircraft rose a solid 0.7%, much more than anticipated. New home sales fell unexpectedly in February. Consumer confidence declined slightly in March, defying consensus expectations for an increase. But University of Michigan's rival gauge of consumer sentiment was revised upward to its highest level in 21 months, thanks in part to waning inflation fears. U.S. Treasuries generated positive returns for the week as new issuance was easily absorbed. Most European stock markets advanced (+0.59% for the STOXX Europe 600 Index). Japan's stock markets fell as investors focused on the sharply depreciating yen, which hovered near JPY 152 against the U.S. Dollar, a level considered as one that could trigger intervention. Chinese stocks declined for the week as concerns about the continuing property sector downturn weighed on investor confidence. Oil gained nearly 3% over the week and is now up nearly 16% year-to-date. Gold hit a new all-time-high, breaking the \$2,200 resistance

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

30 MARCH 2024

#markets

#weekly #stats

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	39,807	0.8%	5.6%
S&P 500 Index	5,254	0.4%	10.2%
NASDAQ	16,379	-0.3%	9.1%
MSCI EAFE*		0.2%	5.3%
10-yr Treasury Yield	4.20%	0.0%	0.3%
Oil (\$/bbl)	\$83.00	2.9%	15.8%
Bonds	\$97.93	0.1%	-0.6%

Source: FactSet, 3/28/2024. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. *4-day performance ending on Thursday.

Source: Edward Jones

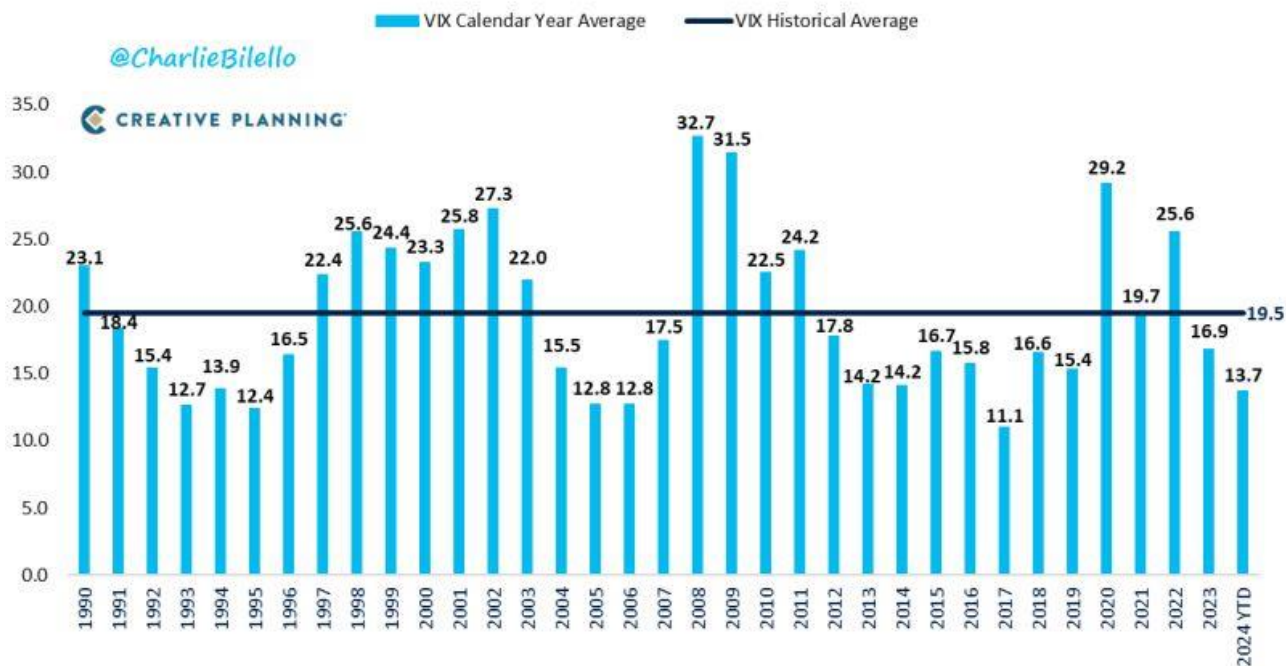




#vix

The \$VIX has average 13.7 thus far in 2024, on pace for the lowest volatility since 2017. Historical average \$VIX is 19.5.

Volatility Index (VIX): Yearly Average (1990 - 2024 - as of 3/27/24)



Source: : Charlie Bilello

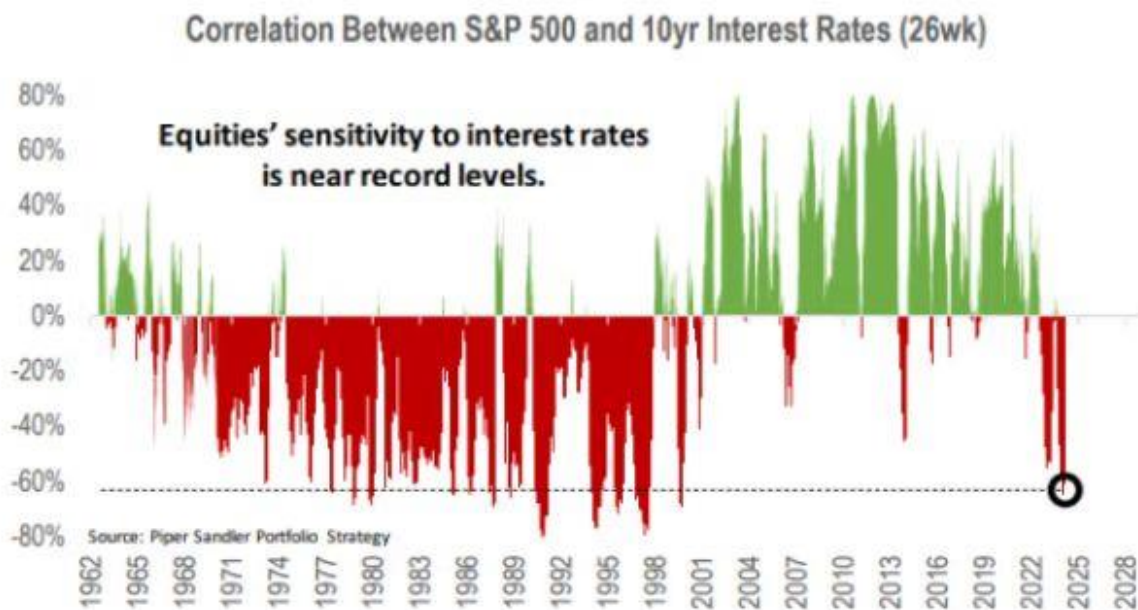




#equities #bonds #correlation

The correlation between stocks and 10-year bonds is approaching all-time highs

Markets Have Been At The Mercy Of Bond Yields For Over Two Years



PIPER SANDLER

Source: Bloomberg, Barchart



#GLOBALMARKETS WEEKLY WRAP-UP

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#q1 #review #us #stocks

The S&P 500 wrapped up the first quarter with a 10.2% gain. Here's what it looks like.



Source: Fintwit



#markets

##q1 #review #us #equities #bonds

Global Equities Notch Best Quarterly Performance Relative to Bonds Since 2020...



Source: Bloomberg, www.zerohedge.com

#markets

#q1 #review #us #stocks

In Q1, the &P 500 surged to its best start to a year since 2019 (outperforming Nasdaq).



Source: Bloomberg, www.zerohedge.com



#q1 #review #us #stocks

That's the 5th green month in a row for the S&P 500 index...
And stocks are up for 18 of the last 22 weeks (it hasn't done more than that since 1989)...



Source: Bloomberg, www.zerohedge.com





#q1 #review #us #stocks #sectors

Notably, and perhaps surprisingly, Q1's best performing sector was not tech... it was Energy (with Real Estate the only sector red in Q1). In fact in March, Energy stocks are up 10% while Tech is unchanged...



Source: Bloomberg, www.zerohedge.com



#GLOBALMARKETS WEEKLY WRAP-UP

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#q1 #review #us #stocks #momentum

MTUM (momentum) saw its best start to a year... ever...



Source: Bloomberg, www.zerohedge.com



#GLOBALMARKETS WEEKLY WRAP-UP

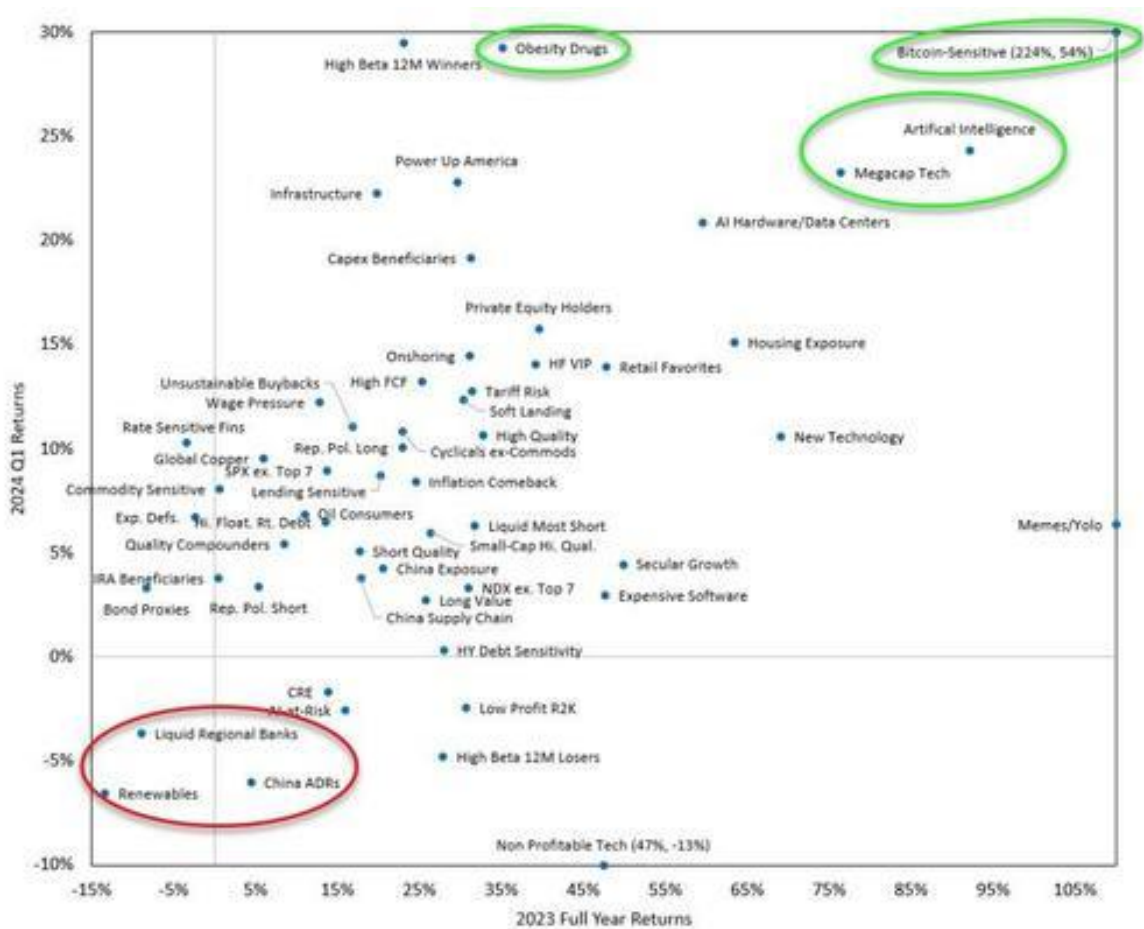
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30 MARCH 2024



#q1 #review #us #stocks #themes

Thematically, Bitcoin-Sensitive stocks, AI stocks, and anti-obesity drug stocks all outperformed in Q1, continuing the trend of 2023 gains...



Source: Goldman Sachs FICC & Equities, Bloomberg, as of 28-March-2024 at 1pm. Past performance is not indicative of forward returns.

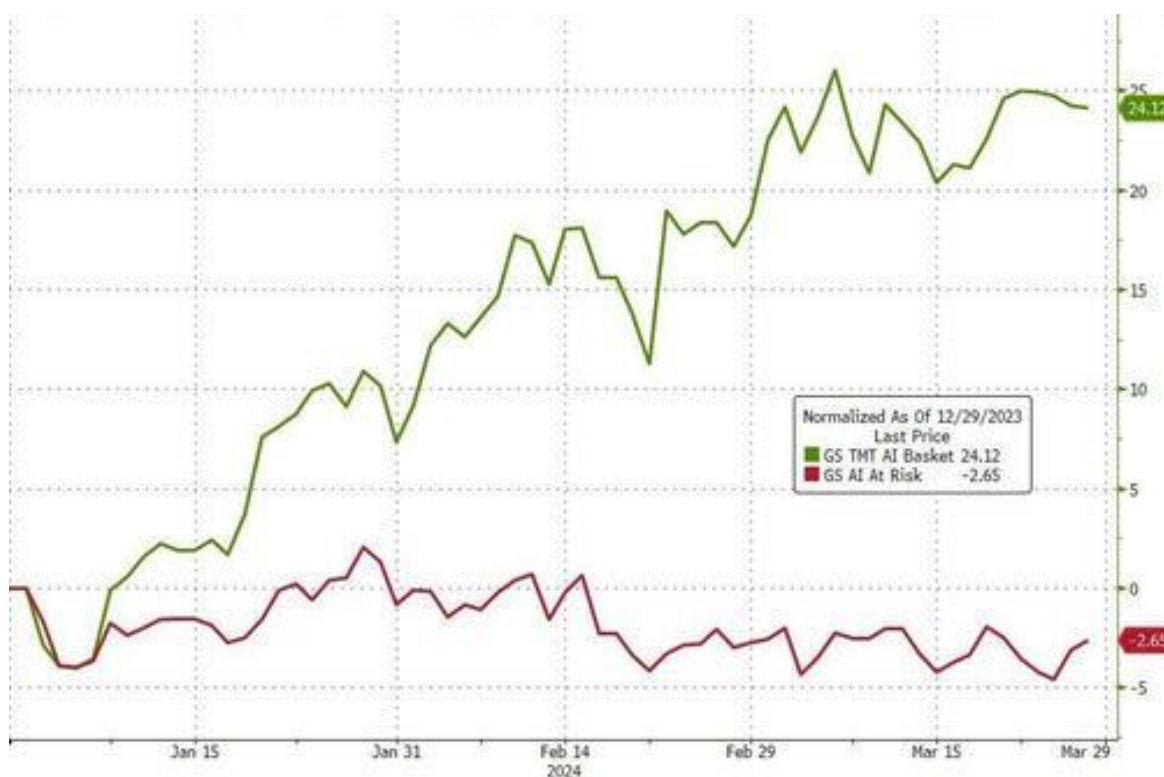
Source: Bloomberg, www.zerohedge.com



#markets

#q1 #review #us #stocks #ai

AI-related stocks soared 24% in Q1 while stocks at risk from AI fell around 3% in Q1...

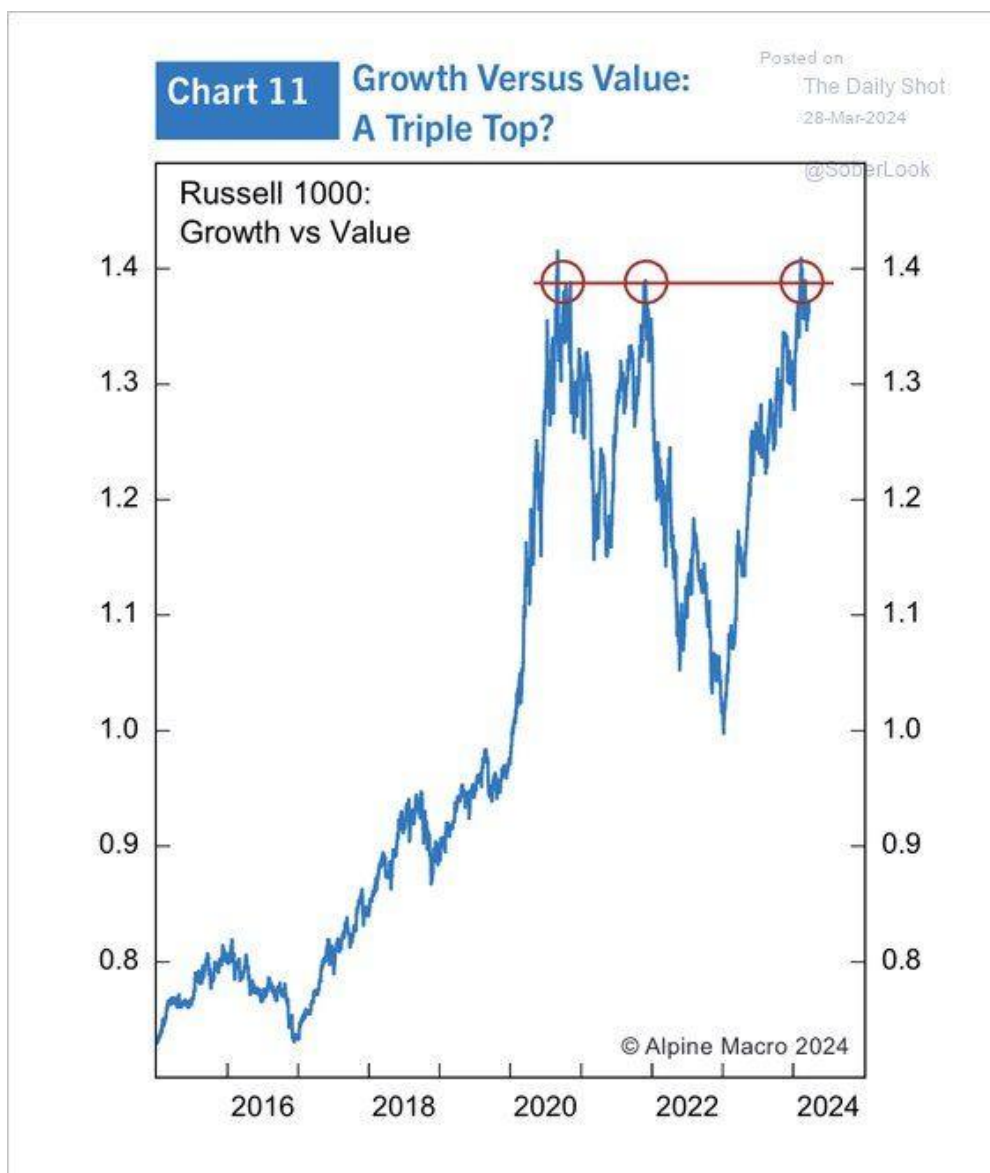


Source: Bloomberg, www.zerohedge.com



#us #stocks #growth #value

'The US growth/value ratio is testing long-term resistance.'

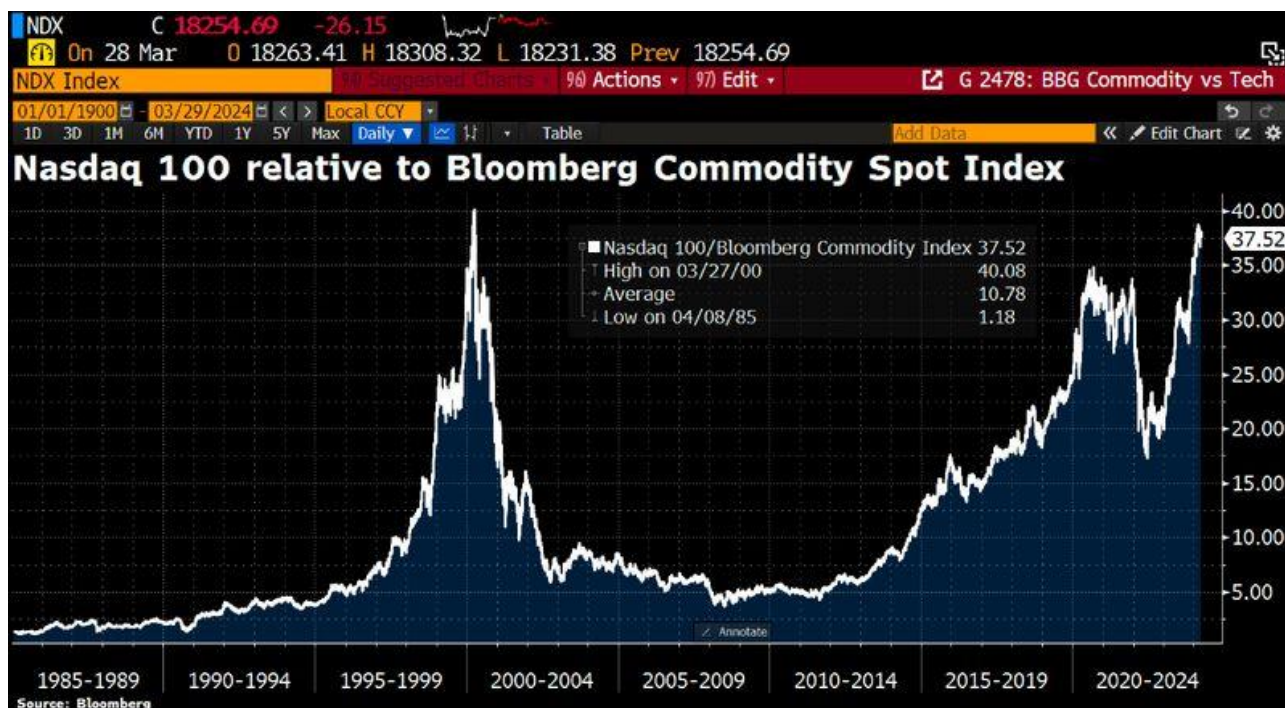


Source: Alpine Macro, The Daily Shot



#us #stocks #commodities

The recent brutal rise in commodity prices is perhaps a harbinger that stock market is now seeing a rotation from highly valued Tech into value commodity stocks. Note that QQQ vs. commodities index remains at the top of the range (price relative chart).



Source: Bloomberg, HolgerZ





#gold #etf

Gold jumps >\$2,220/oz, hitting a New All-Time High, even as funds continue to exit gold ETFs. With a remarkable 9.1% rise in March 2024, this is gold's best monthly performance since July 2020.



Source: Bloomberg, HolgerZ





#sp500 #valuations #tech

Tech P/E is now back at over 28x - its post-dot-com bust highs...It is less dramatic for the rest of the index but still: the stock market is NOT cheap



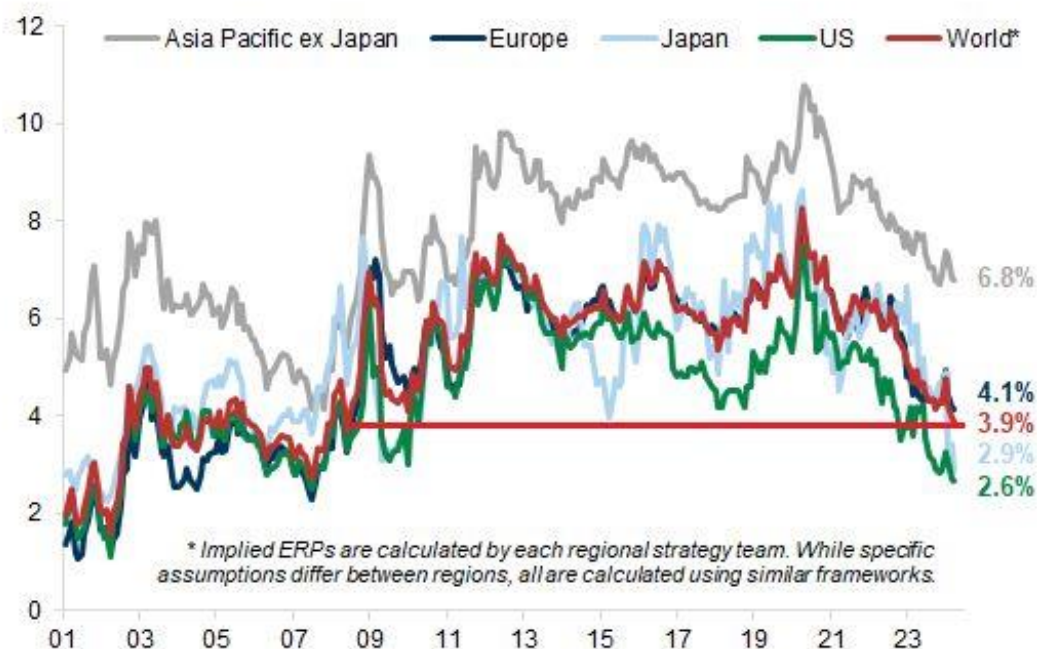
Source: Bloomberg, www.zerohedge.com



#global #equity #risk-premium

Global equity risk premium are now at the lowest since 2008.

Exhibit 25 : Global market implied ERP (%)



Source: Goldman Sachs Global Investment Research

Source: Mike Zaccardi

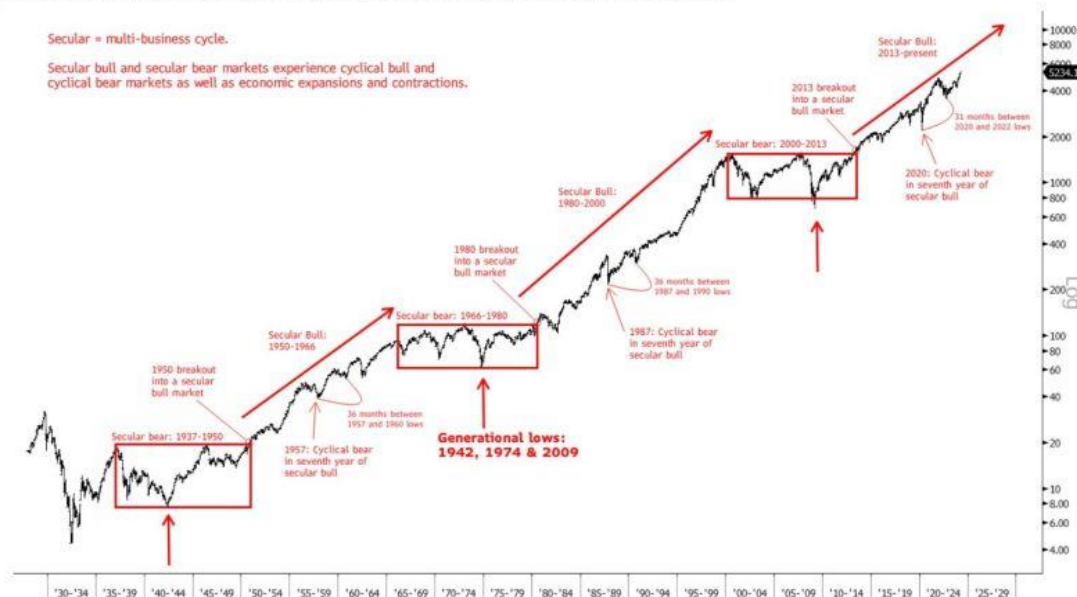


#bull-market #technical-analysis

Bull Market Roadmap ? BofA's Technical Analyst expects the current bull market to drive the S&P 500 way higher. "In April the S&P 500 will enter the 11th year of its secular bull market signaled on the April 2013 breakout above the 2000 and 2007 peaks, Suttmeier says. The secular bull markets from 1950-1966 and 1980-2000 lasted 16 and 20yrs, resp, which means that the current secular bull market is middle-aged and can extend until 2029. In our view, the 2020 dip resembled the dips in 1987 and 1957. If this was "halftime" for the current secular bull market, it does not rule out a 14y secular bull market ending in 2027."

Chart 1: S&P 500 secular bull market roadmap: Monthly chart 1928 to present

In April the SPX will enter the 11th year of its secular bull market signaled on the breakout to new highs in 2023. The current secular bull market from the 2013 breakout above the prior highs from 2000 and 2007 is middle-aged and can last until the late 2020s into the early 2030s.



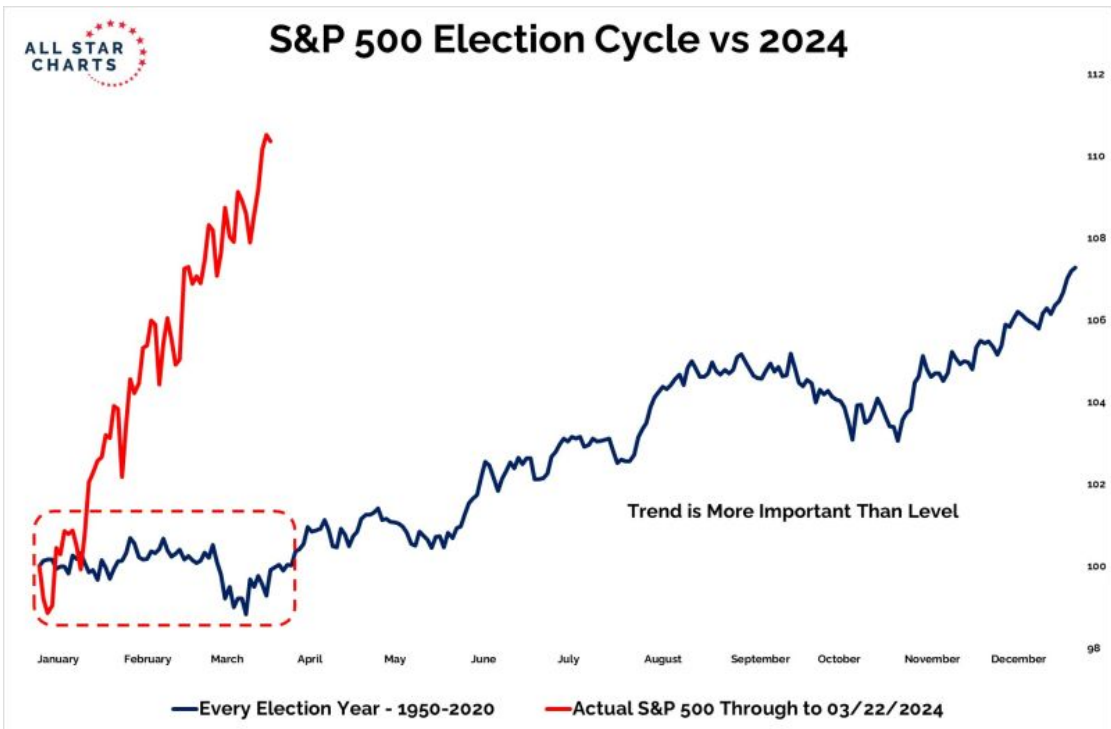
Source: holgerz, BofA





#sp500 #seasonality #elections

Current SP500 vs. election seasonality



Source: Win Smart, CFA





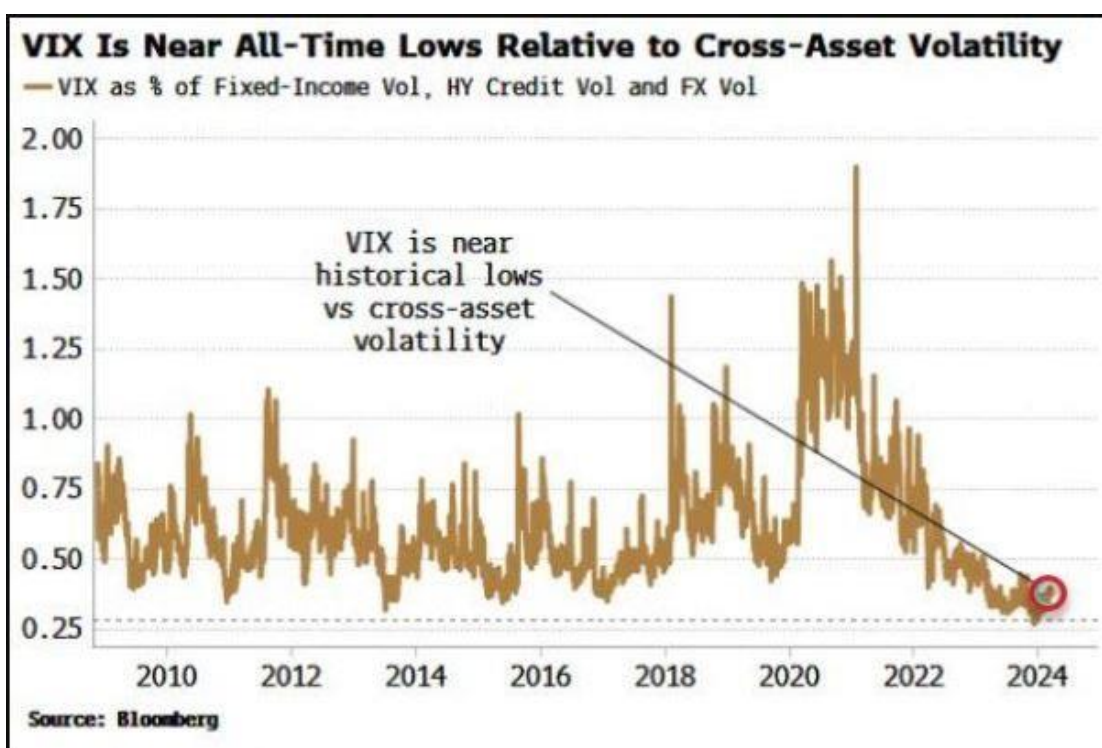
#fear-greed #sentiment

Still Well Into 'Greed' Territory



#vix #volatility

The VIX is near all-time lows relative to cross-asset volatility

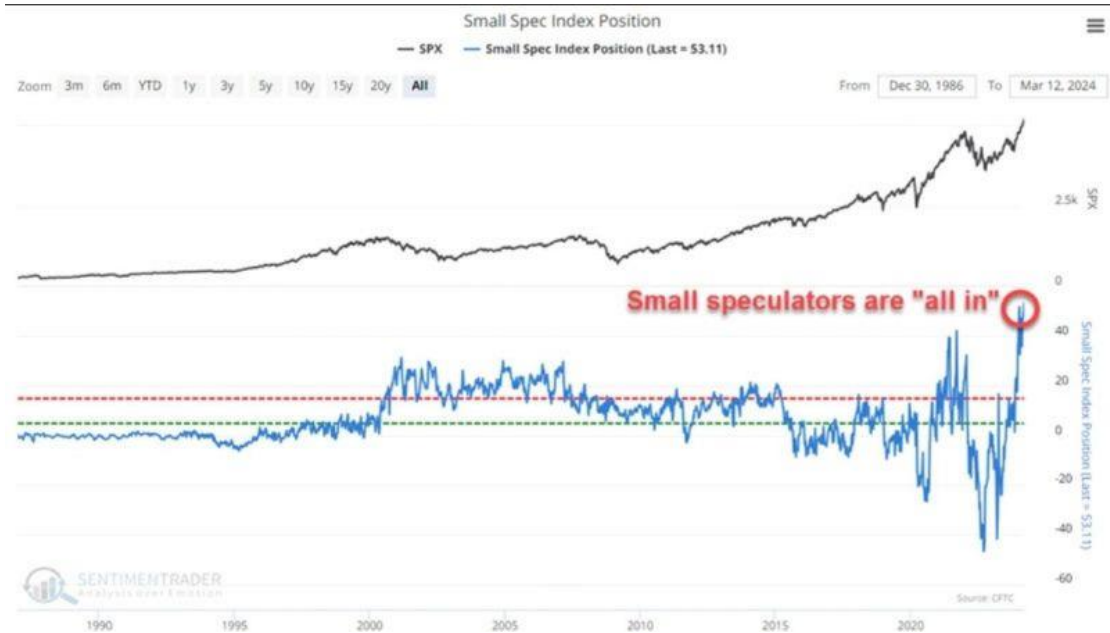


Source: bloomberg, mayhem4markets



#speculators #sentiment

Small speculators in stock indexes have reached their most bullish net position ever.



Source: WinSmart



#sp500 #concentration

S&P 500 Still Has a Concentration Issue. Looking at the contribution to total returns, 60% of gains in the gauge have been driven by just six stocks: Nvidia Corp., Microsoft Corp., Meta Platforms Inc., [Amazon.com](https://www.amazon.com) Inc., Eli Lilly & Co. and Broadcom Inc.

S&P 500 Still Has a Concentration Issue

Just a handful of names have accounted for most equity returns this quarter

	SPX Gain	Top Member CTR	Ticker	Nr. Stocks Making Up 60% CTR
1Q24	9.78%	29%	NVDA	6
4Q23	11.68	11	MSFT	33
2Q23	8.74	15	AAPL	6
1Q23	7.53	22	AAPL	4
4Q22	7.56	4	XOM	30
4Q21	11.03	14	AAPL	20
2Q21	8.55	9	MSFT	61
1Q21	6.18	6	MSFT	28

Source: Bloomberg

Note: The analysis only goes back to 2021 and excludes the quarters where the SPX posted negative returns or rose less than 1%.

Bloomberg

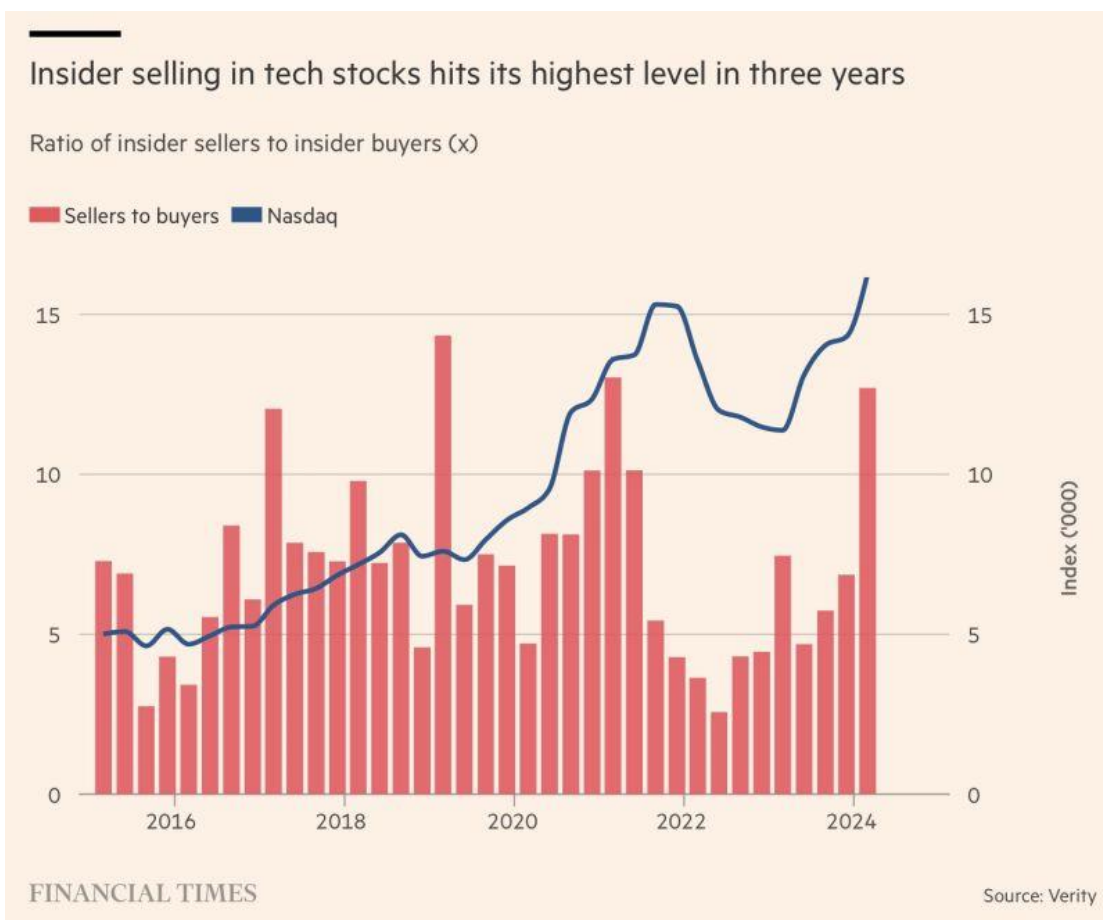
Source: bloomberg





#insider #stock-selloff

FT: 'Peter Thiel, Jeff Bezos and Mark Zuckerberg are leading a parade of corporate insiders who have sold hundreds of millions of dollars of their companies' shares this quarter, in a signal that recent stock market exuberance could be peaking.



Source: FT

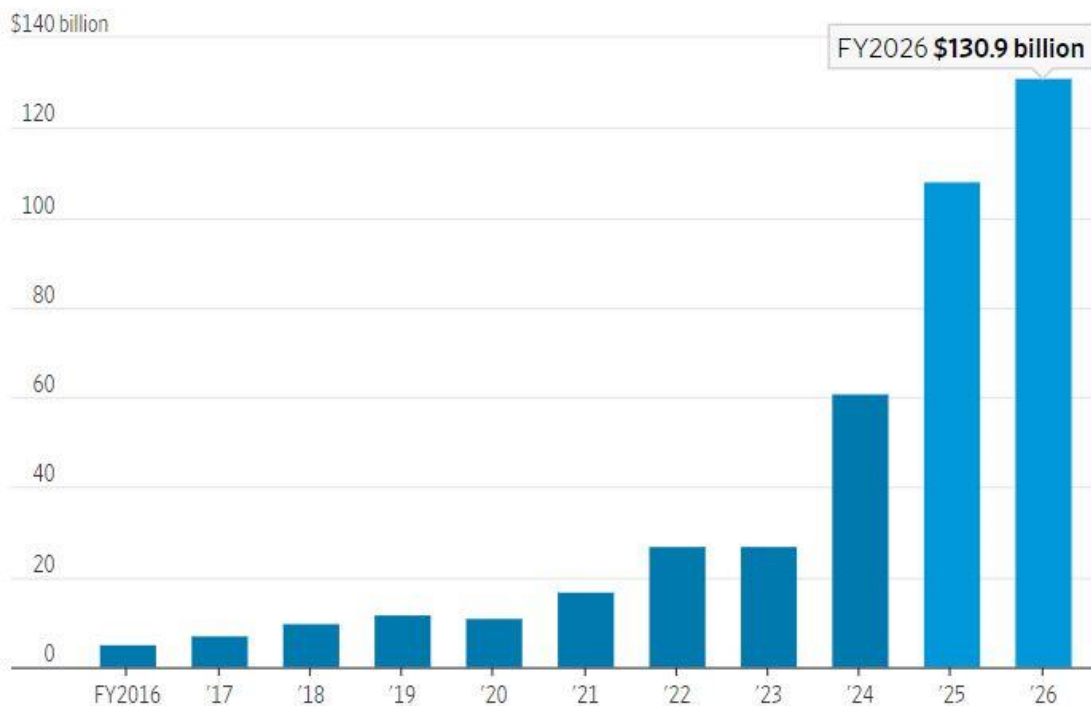




#analyst #nvidia #forecast

Analysts are forecasting Nvidia's annual revenue will jump to \$131 billion by 2026, more than double the \$61 billion recorded in the fiscal year that just ended. \$NVDA

Nvidia's revenue per fiscal year ended January



Note: FY25 and FY26 are projections.
Source: the company (actual); FactSet (projections)

Source: Charlie Bilello





#sp500 #energy #technical-analysis

The S&P 500 Energy ETF \$XLE just formed a Golden Cross right as it hit a 1-year high



Source: Barchart





#equity #shorts

What are the biggest shorts? Microstrategy \$MSTR is one of the biggest shorts in the entire US market. Nvidia \$NVDA is currently leading the pack.



Source: Bloomberg





#us #small-caps

US small-caps suffer worst run against larger stocks in over 20 years



Source: ft



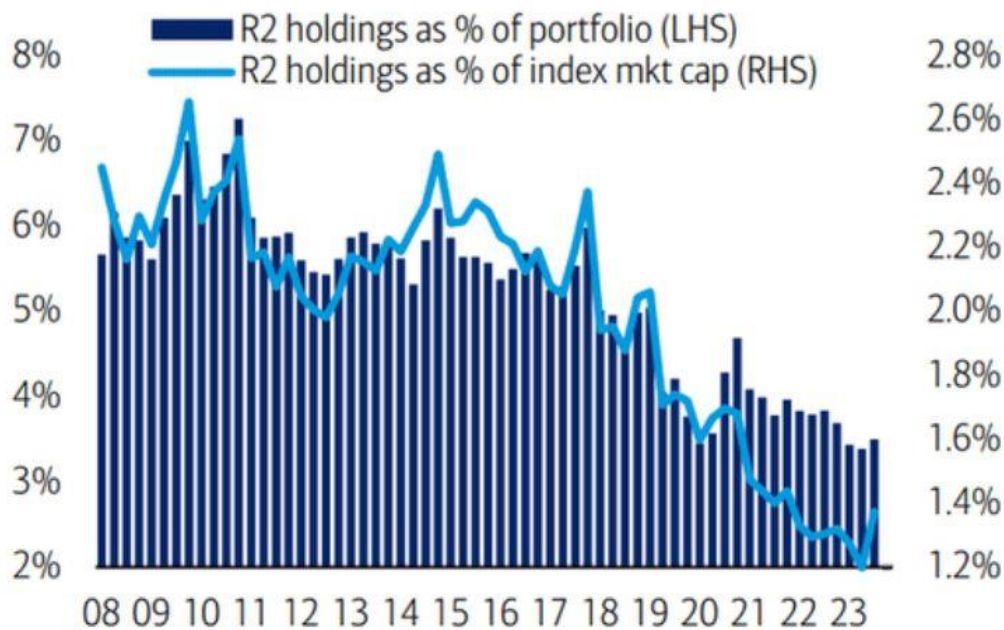
#russell2000 #portfolio-weight

No one holds Russell 2000 (small-caps) stocks any more...

Exhibit 29: Russell 2000 stocks represent just 3% of active portfolios, half of the weight vs a decade ago

Value of Russell 2000 stock holdings as a % of total holdings for multi-cap core managers and as a % of Russell 2000 market cap (2Q08-4Q23)

The Daily Shot
28-Feb-2024
CoverLook



Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Source: Bob Elliott, BofA, Factset

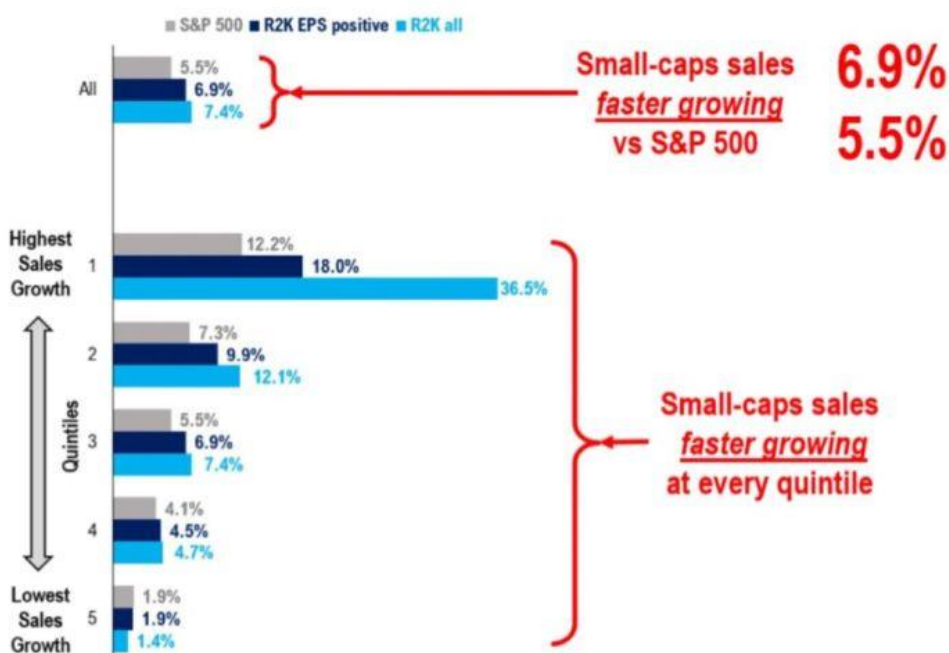




#us #small-caps

A contrarian idea on US small caps? => FUNDSTRAT: “.. Our top idea for 2024 is small-caps, where we see at least 50% upside .. Russell 2000 companies are set to grow .. faster than the \$SPX .. Valuations are far more attractive .. when CEO confidence recovers, we also see the low valuations as setting the stage for synergistic M&A ..”

S&P 500 and Russell 2000 Median Sales Growth
FY 2025 Sales Growth. Divided by Quintile



Source: Fundstrat, Factset

For Exclusive Use of Fundstrat Clients Only



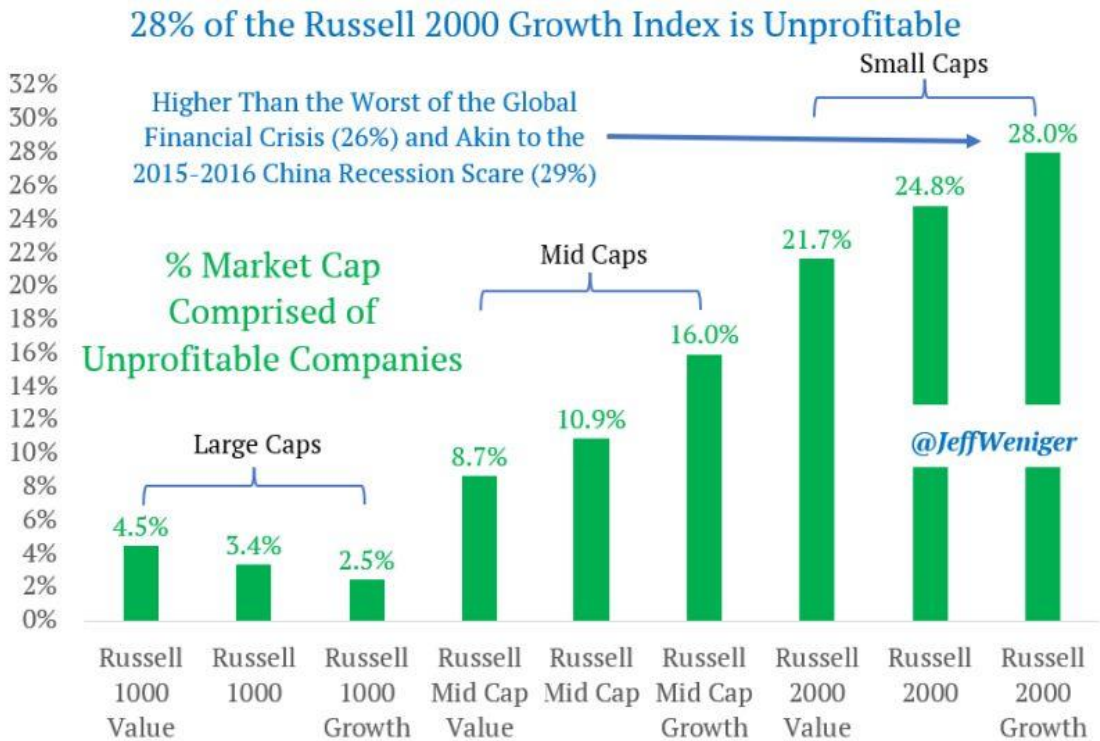
Source: Carl Quintanilla, Fund strat





#russell2000 #unprofitability

Do people appreciate how speculative "Small Cap Growth" has become? The Russell 2000 Growth has 28% in negative earners. Prior to the GFC, negative earners were 15-18% of the index. Even in a depression (2009), it only went up to 26%. How many will "grow" into bankruptcy court?



Source: WisdomTree PATH Software, as of 2/29/2024. File #0914

Source: Jeff Weniger



#europe #indices #forecast

Goldman Sachs raises target prices for European indices. European strategists at Goldman Sachs have raised their price target for the STOXX Europe 600 Index to 540 and 8200 for the FTSE 100 in 12 months

Exhibit 5: We raise our European target prices

European Indices Forecasts						
	STOXX 600		FTSE 100		SX5E	
Price level	New	Old	New	Old	New	Old
3 months	510	490	7800	7600	5100	4800
6 months	530	500	8000	7700	5250	4900
12 months	540	510	8200	7900	5400	5000
	STOXX 600		FTSE 100		SX5E	
Price Return (%)	New	Old	New	Old	New	Old
3 months	0.1	-3.9	-1.7	-4.2	1.4	-4.6
6 months	4.0	-1.9	0.9	-2.9	4.3	-2.6
12 months	6.0	0.1	3.4	-0.4	7.3	-0.6
Total Return 12m (%)	9.4		7.5		10.6	

Source: Datastream, Goldman Sachs Global Investment Research

Source: goldman sachs



#q1 #review #us #treasuries

US Treasuries were dumped in Q1 as rate-cut expectations plunged with the short-end modestly underperforming...



Source: Bloomberg, www.zerohedge.com



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#bonds #yields #negative

In May 2020, there were 21 countries with negative interest rates. Today there are none. Sanity has returned to the global bond market...

The Negative Bond Yield Matrix (May 31, 2020)															
Country	6-Mo	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year	20-Year	30-Year	50-Year
Switzerland	-0.50	-0.40	-0.71	-0.70	-0.66	-0.65	-0.65	-0.60	-0.57	-0.70	-0.49	-0.33	-0.32	-0.35	-0.38
Germany	-0.55	-0.59	-0.65	-0.66	-0.66	-0.64	-0.63	-0.55	-0.51	-0.51	-0.45	-0.23	-0.16	0.01	
Netherlands	-0.55		-0.62	-0.60	-0.58	-0.53	-0.47	-0.42	-0.37	-0.31	-0.25	-0.17	-0.01	0.05	
Denmark			-0.42								-0.25				
Austria		-0.53	-0.59	-0.53	-0.50	-0.41	-0.35	-0.32	-0.25	-0.18	-0.13	0.03	0.11	0.28	0.41
Finland			-0.57								-0.17				
Sweden			-0.29								-0.04				
France	-0.51	-0.53	-0.53	-0.54	-0.51	-0.44	-0.36	-0.25	-0.19	-0.12	-0.07	0.19	0.44	0.69	0.75
Belgium	-0.51	-0.51	-0.56	-0.52	-0.47	-0.38	-0.32	-0.18	-0.18	-0.08	-0.02	0.20	0.53		
Japan	-0.19	-0.17	-0.16	-0.17	-0.15	-0.13	-0.13	-0.11	-0.08	-0.03	0.00	0.23	0.35	0.49	
Ireland	-0.35	-0.37				-0.24	-0.16	-0.06			0.08	0.44	0.51	0.78	
Slovakia						-0.15	-0.12		0.12	0.11	0.29			0.93	1.03
Slovenia		-0.40	-0.30	-0.16		-0.03	0.07	0.21			0.40	0.79	1.07		
United Kingdom	0.00		-0.05	-0.04	-0.05	-0.01	-0.03	0.02	0.05	0.18	0.18	0.37	0.51	0.58	0.40
Spain	-0.49	-0.39	-0.44	-0.36	-0.29	-0.17	0.05	0.24	0.30	0.41	0.56	0.87	1.06	1.33	
Portugal	-0.40	-0.34	-0.44	-0.31	-0.27	-0.01	0.08	0.26	0.33	0.41	0.50	0.75	0.94	1.30	
Bulgaria		-0.13				-0.10		0.38			0.85				
Czech Republic		-0.06	0.01	0.10	0.29	0.28	0.55	0.57	0.63	0.69	0.70	0.87	0.95		1.98
Cyprus		-0.21		0.35		0.57		1.01			1.22				
Malta	-0.03	0.03		0.04		0.20					0.62		1.28		
Italy	-0.03	0.01	0.40	0.56	0.81	1.02	1.15	1.20	1.40	1.46	1.48	1.92	2.10	2.41	2.57
United States	0.17	0.18	0.16	0.20		0.30		0.50			0.65			1.41	

The Positive Bond Yield Matrix (Mar 25, 2024)															
Country	6-Mo	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year	20-Year	30-Year	50-Year
Japan	0.04	0.08	0.20	0.23	0.32	0.38	0.43	0.50	0.59	0.67	0.73	1.19	1.48	1.79	
Switzerland	1.37	1.27	0.94	0.85	0.78	0.71	0.66	0.62	0.66	0.63	0.63	0.65	0.64	0.65	
Sweden	3.83		2.64			2.33		2.34			2.38		2.55		
Portugal	3.75	3.48	2.72	2.55	2.53	2.63	2.61	2.65	2.73	2.82	3.03	3.26	3.36	3.45	
Ireland		3.36	2.78	2.67	2.58	2.59	2.60	2.59	2.52	2.67	2.79	2.89	2.96	3.03	
Germany	3.72	3.45	2.85	2.57	2.43	2.39	2.31	2.30	2.31	2.33	2.37	2.52	2.56	2.52	
Denmark	2.36		2.88	2.45		2.27			2.27		2.37		2.55	2.47	
Finland			2.91	2.79	2.75	2.70	2.69		2.75		2.85	3.05		2.93	
Cyprus			2.91	2.96	2.97			2.96			3.15		3.64	3.64	
Belgium	3.60		2.92	2.73	2.67	2.67	2.69	2.74	2.77	2.79	2.94	3.14	3.29	3.39	2.89
Austria	3.77	3.30	2.93	2.76	2.63	2.72	2.71	2.76	2.80	2.84	2.87	3.05	3.08	3.03	2.77
Netherlands	3.65		2.93	2.67	2.63	2.57	2.57	2.56	2.60	2.60	2.63	2.76	2.77	2.73	
France	3.79	3.49	2.96	2.76	2.69	2.70	2.67	2.69	2.72	2.78	2.85	3.06	3.22	3.32	2.83
Spain	3.73	3.47	3.03	2.92	2.85	2.87	2.89	2.94	3.02	3.11	3.20	3.54	3.66	3.85	
Slovenia		3.83		3.30	2.98	2.84	2.75	2.83			2.96	3.13	3.26		
Malta	2.84	4.68		3.05		3.10					3.38		3.76		
Bulgaria		3.19	3.33	3.59	3.33	3.58		4.15			4.30				
Slovakia			3.38			3.06	3.22		3.34	3.43	3.46			3.75	3.70
Italy	3.68	3.57	3.40	3.16	3.18	3.23	3.29	3.41	3.48	3.61	3.70	4.06	4.16	4.27	3.94
Czech Republic		4.35	3.71	3.68	3.66	3.74	3.73	3.77	3.76	3.89	3.86	4.01	3.99		4.15
United Kingdom	5.21	4.55	4.20	4.00	4.01	3.91	3.85	3.89	3.90	3.97	4.03	4.35	4.52	4.54	4.12
United States	5.31	5.00	4.63	4.40		4.23		4.25			4.25		4.50	4.41	

Source: Charlie Bilello





#us #treasury #issuance

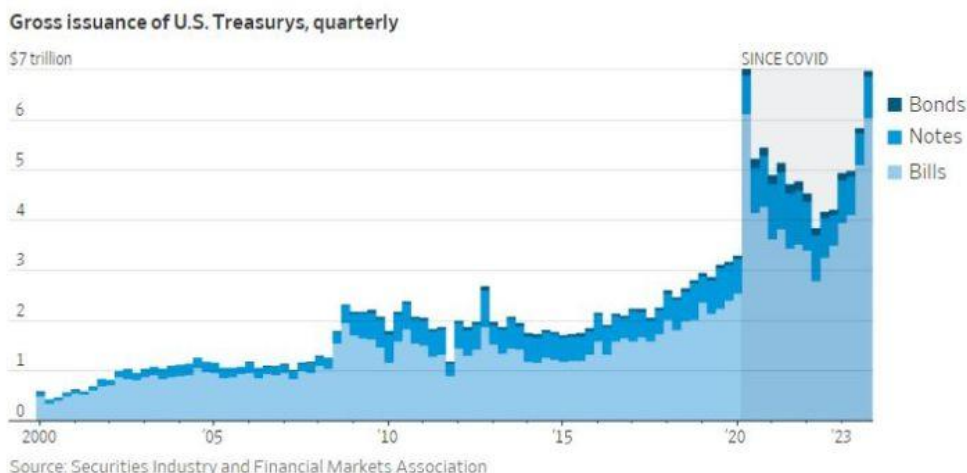
US Treasury issuance has expanded in recent years, sending the size of the US government bond market to a record ~\$27tn. Up ~70% since the end of 2019 & nearly 6x larger than before the '08-'09 GFC. That is making some Wall Streeters nervous.

THE WALL STREET JOURNAL

FINANCE

The \$27 Trillion Treasury Market Is Only Getting Bigger

More debt, different buyers and increased regulation pose challenges



Source: HolgerZ, WSJ



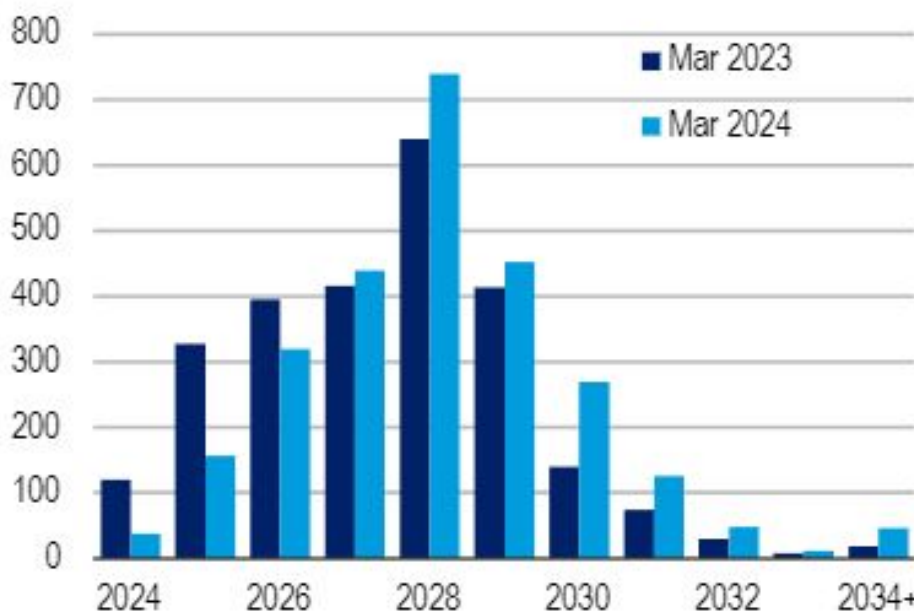


#debt #maturities

Junk bond and leveraged loan issuers have cut their 2024-2026 maturity wall by 40% from a year ago, according to BOA estimates. "This episode represents one of the most aggressive instances of maturity extension in the history of leveraged finance."

Exhibit 1: HY/BSL debt maturities by year

Latest vs one year ago



Source: BofA Global Research

BofA GLOBAL RESEARCH

Source: BofA, Tracy Alloway





#us #high-yield

US High Yield Credit Spreads have moved down to 3.05%, their tightest level since January 2022. US Investment Grade Credit Spreads have moved down to 0.91%, their tightest level since November 2021.



CREATIVE PLANNING @CharlieBilello

Mar 25, 2024, 12:29 PM EDT Powered by YCHARTS

Source: Charlie Bilello



#india #bonds

Indian bonds are set to be added to global indexes. Here's why it could be a gamechanger – CNBC. The decision to include Indian government bonds in two prominent global indexes recently is being viewed as a shot in the arm for the rapidly growing country and is expected to bring in billions of inflows. India's bonds will be added to the JPMorgan Government Bond Index-Emerging Markets (GBI-EM) in June, the Wall Street lender announced in September. Goldman Sachs said it expects India's bond markets to see inflows "upwards of \$40 billion from the time of announcement to the end of the scale-in period, or around \$2 billion per month." The biggest buyers of India's government debt have so far been institutional organizations such as banks, mutual funds and insurance firms but addition to global indexes means it could now diversify the country's avenues to raise funds.



Source: CNBC



#q1 #review #us-dollar

The dollar rallied in Q1, erasing around half of the Q4 losses...



Source: Bloomberg, www.zerohedge.com



#q1 #review #yuan

The dollar's strength was also supported by yuan weakness as the yuan tumbled in Q1...

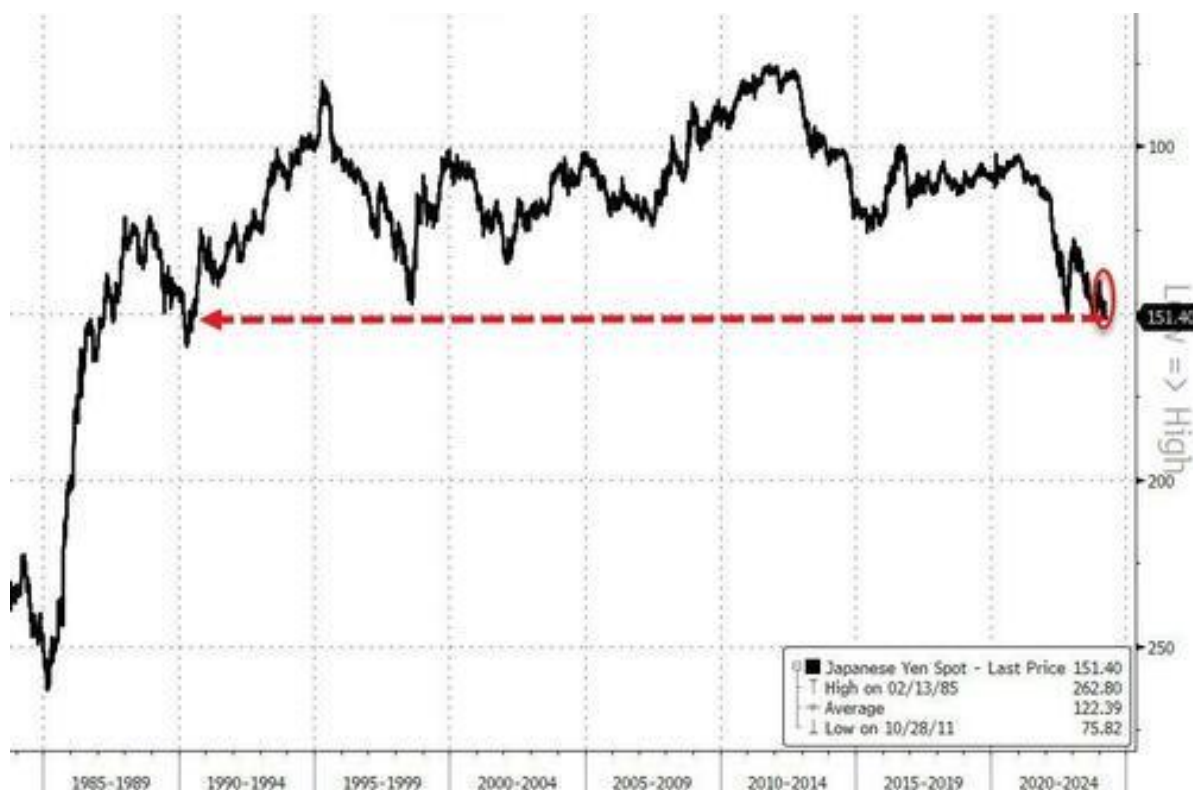


Source: Bloomberg, www.zerohedge.com



#q1 #review #yen

The dollar's strength was also supported by yen weakness as the Japanese currency plunged to its weakest since 1990...



Source: Bloomberg, www.zerohedge.com

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

30 MARCH 2024

#markets

#japan #yen #forex

The Japanese Yen fell this week to its lowest level since 1990 - USD/JPY crosses 151.97



Source: bloomberg



#dollar #technicals

CAUTION: Dollar index is now at major resistance. A breakout would be an ominous sign for risk-on assets



Source: Game of Trades



#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

30 MARCH 2024

#markets

#q1 #review #gold

Gold soared to a new record high in Q1...



Source: Bloomberg, www.zerohedge.com



#sp500 #gold

A lot of things changed for this market back in February, as we've discussed here again and again. But here's another one that changed that I think few people are talking about



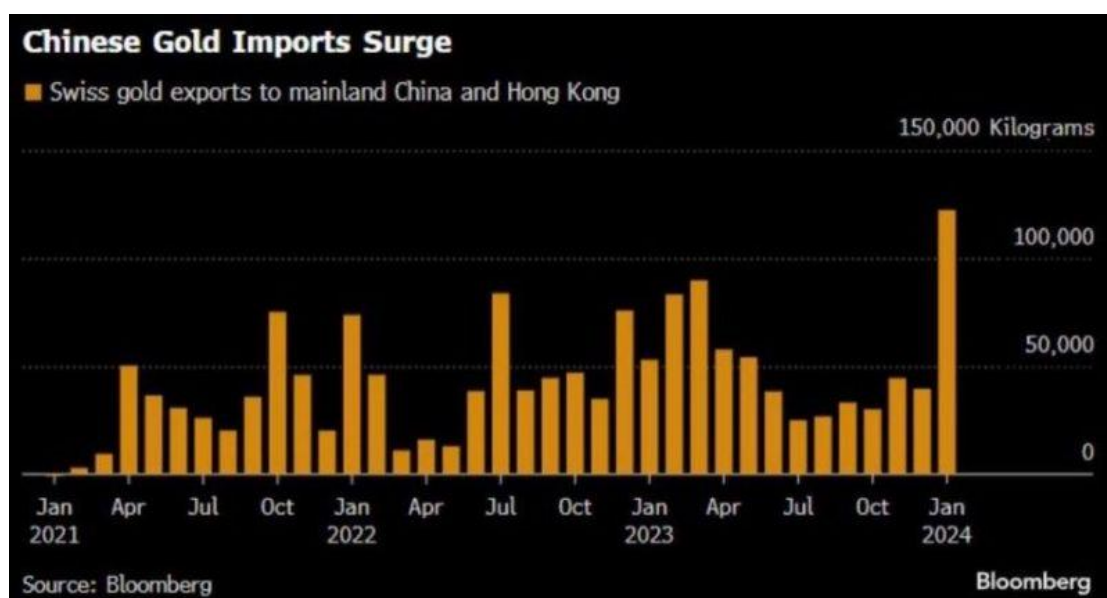
Source: J-C Parets





#china #gold #imports

With real estate bubble bursting, no access to foreign equities and bitcoin, no wonder that people are flocking to gold.



Source: Bloomberg, Michel A.Arouet

#cocoa #commodity

Chocolate Lovers are Going To Have A Hard Time In The Next Few Months! Yes, folks, the price of cocoa is witnessing a scorching rally (cocoa nears \$10,000 per ton), which has led to mind-boggling prices for the raw material used to prepare chocolates. The insane PRICE INCREASE can be attributed to the significant supply disruptions in Africa and leveraged speculators 🚨



Source: Sagar Singh, Wall Street Silver

Image: openart.ai



#oil #commodities

Oil prices are now up 17% this year and well above \$80/barrel again. OPEC remains committed to production cuts and geopolitical tensions have threatened supply. Meanwhile, global demand forecasts are being raised and inflation is rebounding. Even as non-OPEC production is at record highs, oil prices continue to skyrocket. It seems like high oil prices are just the new normal for consumers. And it is not going to help headline inflation to move back to the Fed's target.



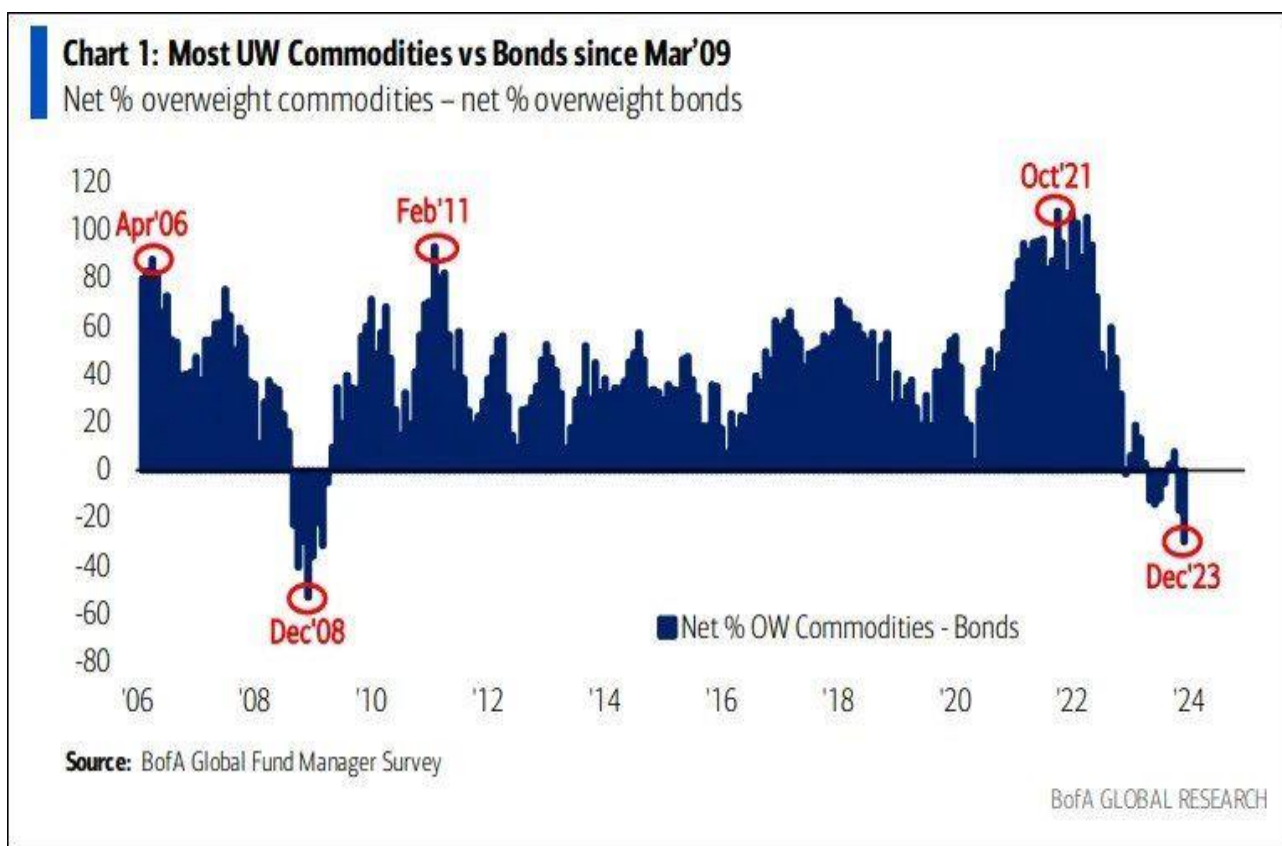
Source: The Kobeissi Letter





#commodities #sentiment #positioning

Commodities are the most underweight relative to bonds since March 2009.

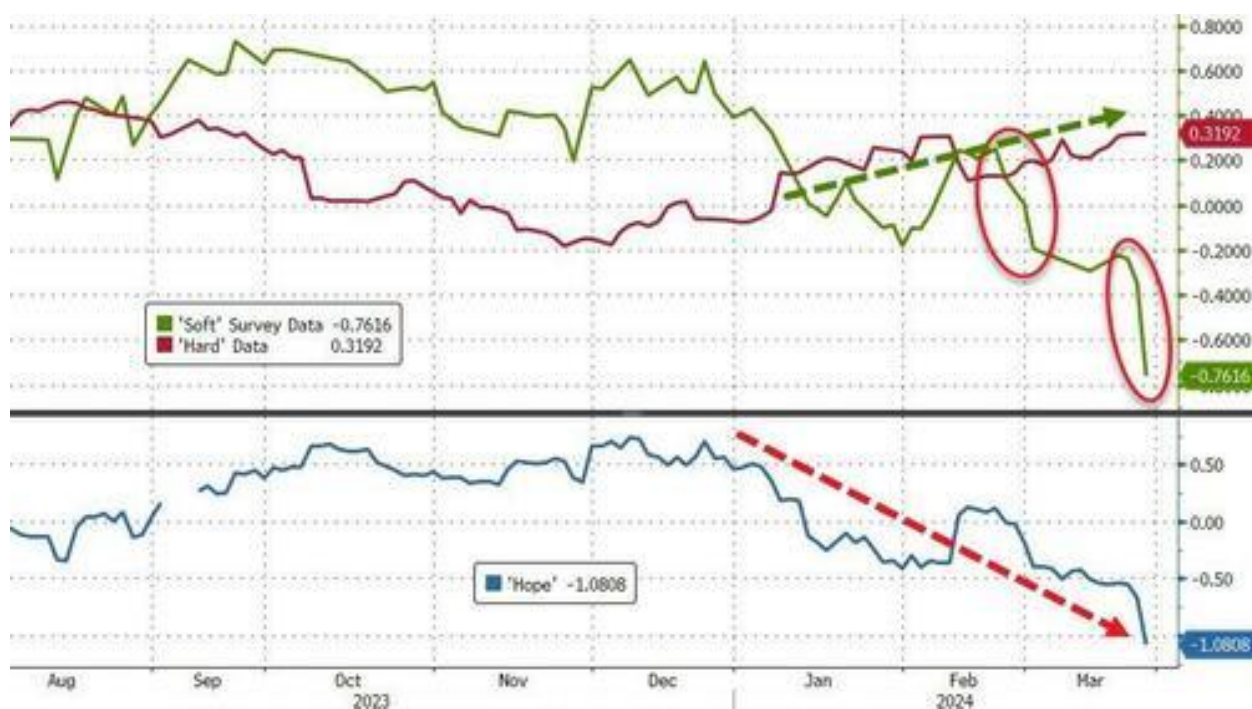


Source: BofA, WinSmart

#macro

#q1 #review #us #economy

Q1 macro was characterized by a vast divergence between 'soft' surveys crashing as 'hard' data drifting higher...



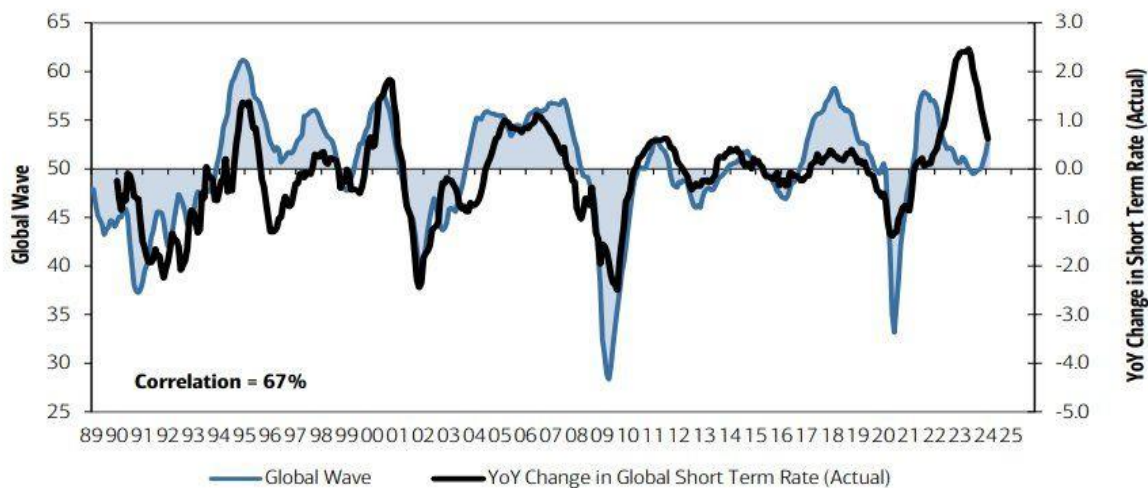


#goldilocks

A Powerful combination for  Equities: macro data is improving while rate cuts should soon come

Chart 1: The Global Wave and Global Short Rates (as a proxy for monetary policy)

Macro data is improving and short rates could soon fall, which is a powerful combination for equities



Source : BofA Global Quantitative Strategy, MSCI, IBES

BofA GLOBAL RESEARCH



Source: BofA, Win Smart

#macro

#us #inflation #financial-conditions

Are US financial conditions becoming too easy to tame inflation ?

Financial conditions are becoming too easy to tame inflation

The FCI index leads 2 quarters

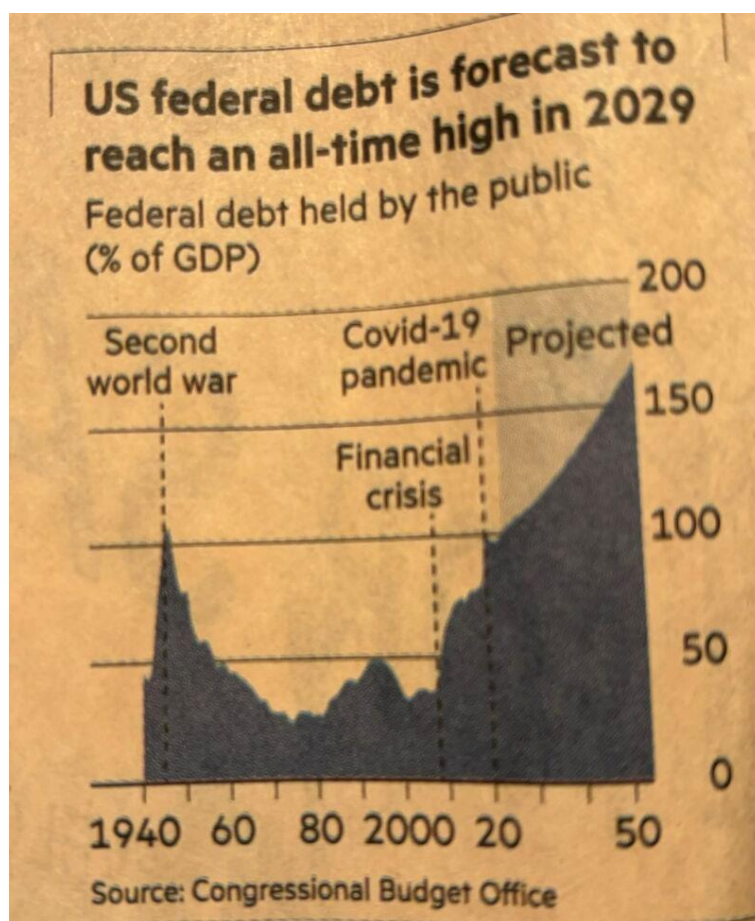


Source: Steno Research, Bloomberg and Macrobond

#macro

#us #debt

Global monetary debasement ahead... As highlighted by Mohamed El-Erian, this worrisome chart from the FT is part of a global phenomenon in which debt continues to escalate. It is even more concerning for countries other than the US, which do not enjoy the relative financial benefits of being the world's reserve currency and a financial hub to which many others outsource the management of their savings.



#macro

#us #debt #warning

U.S. debt has reached very dangerous levels, warns BlackRock CEO Larry Fink, who said: "The situation is more urgent than I can ever remember."

He cautioned that there is no guarantee that investors will continue to buy U.S. Treasuries.

FINANCE · NATIONAL DEBT

Larry Fink joins Jamie Dimon and Jerome Powell in sounding the alarm on 'snowballing' national debt: 'The situation is more urgent than I can ever remember'

BY CHRISTIAAN HETZNER
March 27, 2024 at 6:52 AM CDT



BlackRock CEO Larry Fink is worried the spiraling national debt could plunge the U.S. into a Japan-style lost decade. VICTOR J. BLUE—BLOOMBERG/GETTY IMAGES



#us #inflation

February US PCE inflation meets expectations, likely keeping unchanged the prospect of an interest-rate cut by the Fed in June. The 12-month core reading was 2.8%. Bonds will breathe a sigh of relief when trading reopens next week as core PCE readings in line with expectations after CPI disappointments.

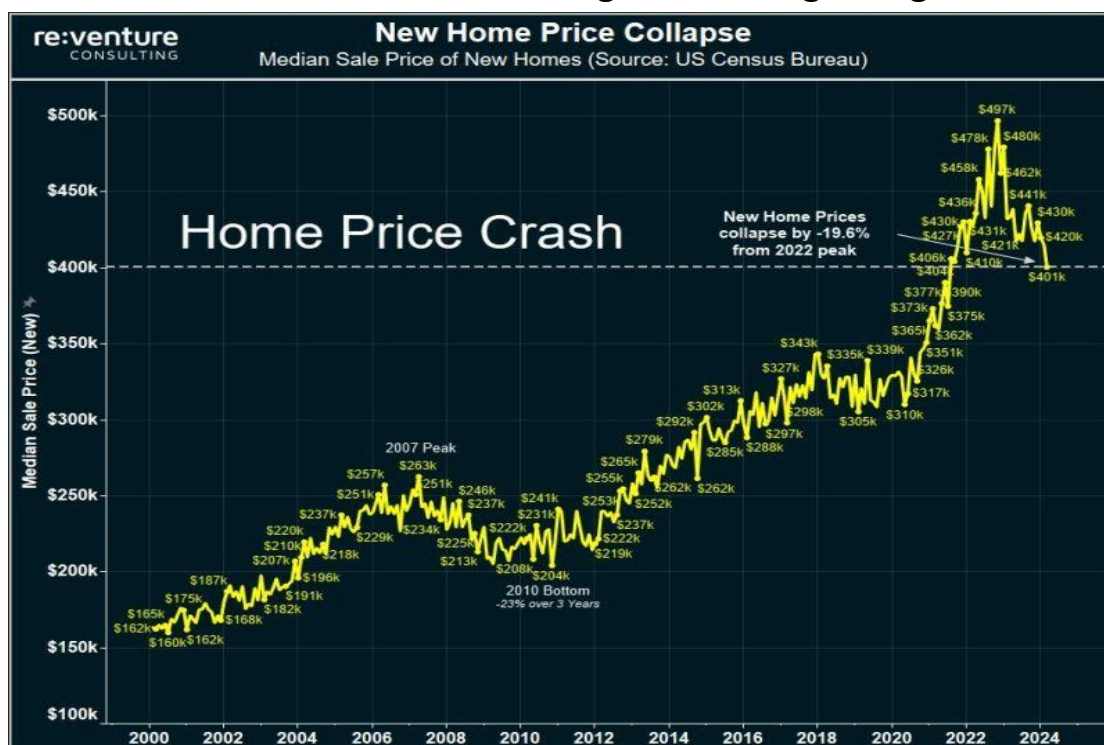


Source: Bloomberg, HolgerZ



#us #real-estate #crash

BREAKING: US new home prices are now down 20% from their highs, in bear market territory, and falling faster than rates seen in 2008, according to Reventure. New home prices peaked in late-2022 at \$497,000 and have fallen to \$401,000 as of the latest data. In the financial crisis, new home prices dropped by 23% from 2007-2010, according to Reventure. US Home prices are down roughly the same amount in just 1.5 years, or half the amount of time. Still, new home prices are ~20% above pre-pandemic levels and existing home supply is near record lows. Is the US housing market beginning to crack?



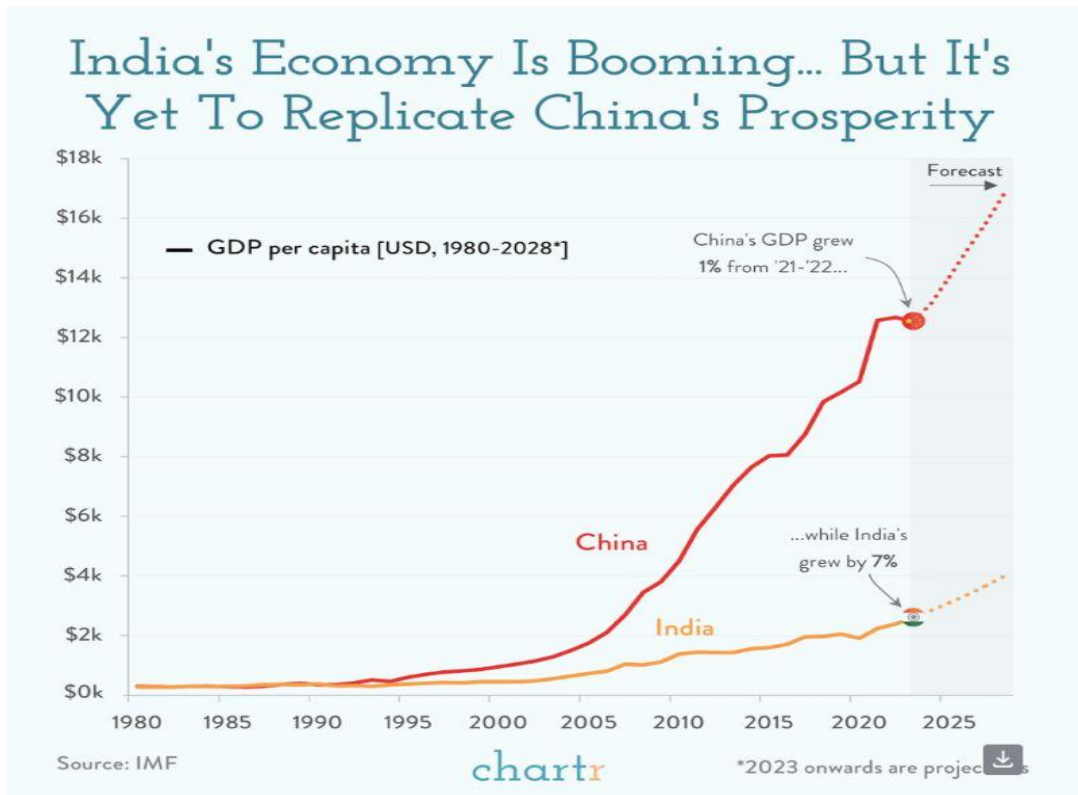
Source: The Kobeissi Letter, Re-venture



#macro

#india #gdp #growth

In recent years, India's economy has continued to boom, just as China and other fast-growing countries have endured a post-pandemic slowdown. But, the country has a long way to go to replicate China's success, after the economic fortunes of the two diverged dramatically some 30 years ago. Indeed, as recently as 1992, the GDP per capita of the 2 countries — which share a 2,167-mile border — was roughly equivalent: today, India's is roughly one-fifth of China's reported \$12.7k.



Source: Chartr

#macro

#china #trade-surplus

China's trade surplus in the first 2 months of 2024 is the biggest EVER. Here's China's dilemma. It's caught in a deflationary debt spiral. Exports are a way out. But - at the same time - China's relations with the "developed" world are deteriorating.

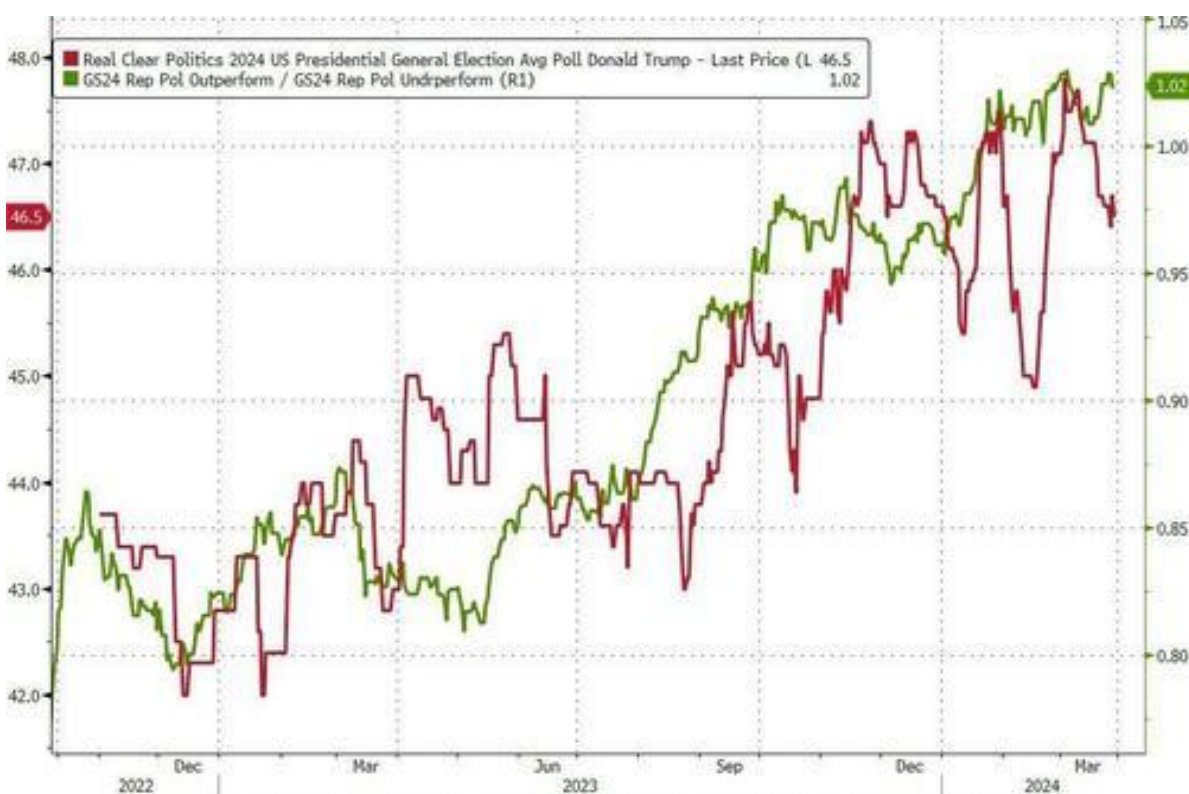


Source chart: Robin Brooks



#us #politics #us #stocks

Some have argued that Q1's market strength reflects a growing belief that Republicans will win in November...

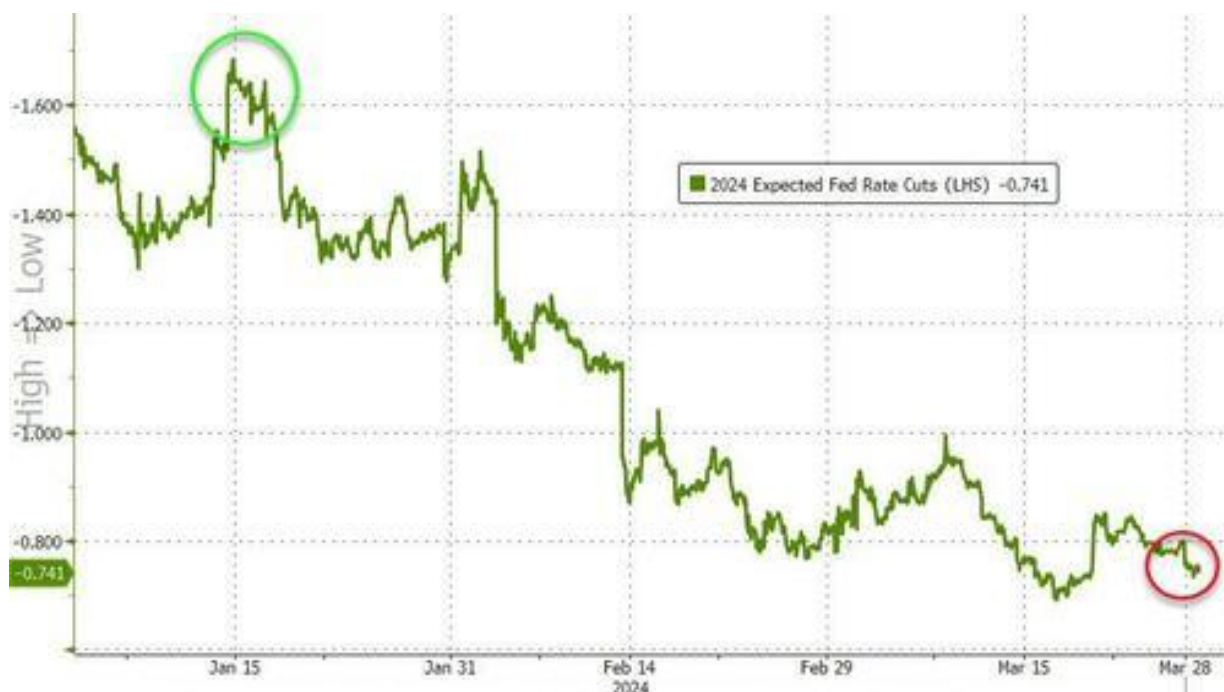


Source: www.zerohedge.com, Bloomberg

#centralbanks

#q1 #review #us #rates

The strong 'hard' data - and sticky inflation drove rate-hike expectations drastically lower in Q1. 2024 expectations for The Fed crashed from almost seven cuts to less than three...

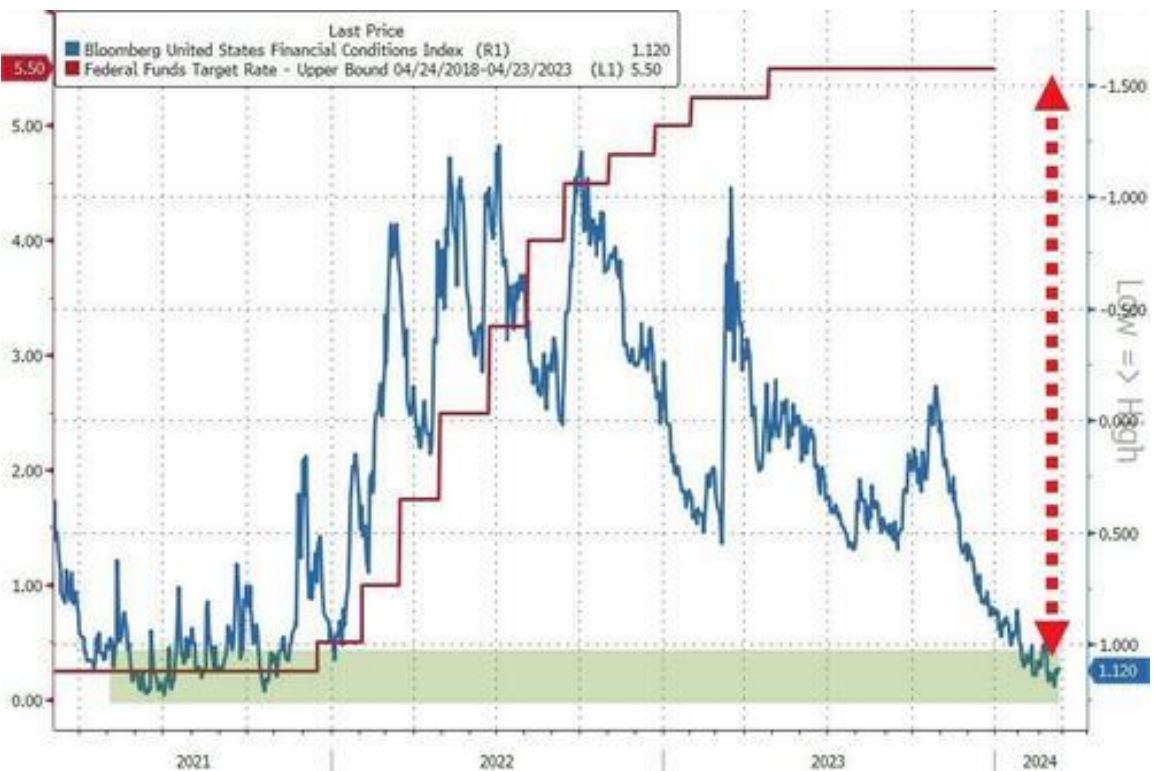


Source: www.zerogedge.com, Bloomberg

#centralbanks

#q1 #review #us #financial-conditions

Indeed, the strength in stocks and credit has dominated any rise in yields and crushed financial conditions to their loosest since before The Fed started their rate-hiking cycle...

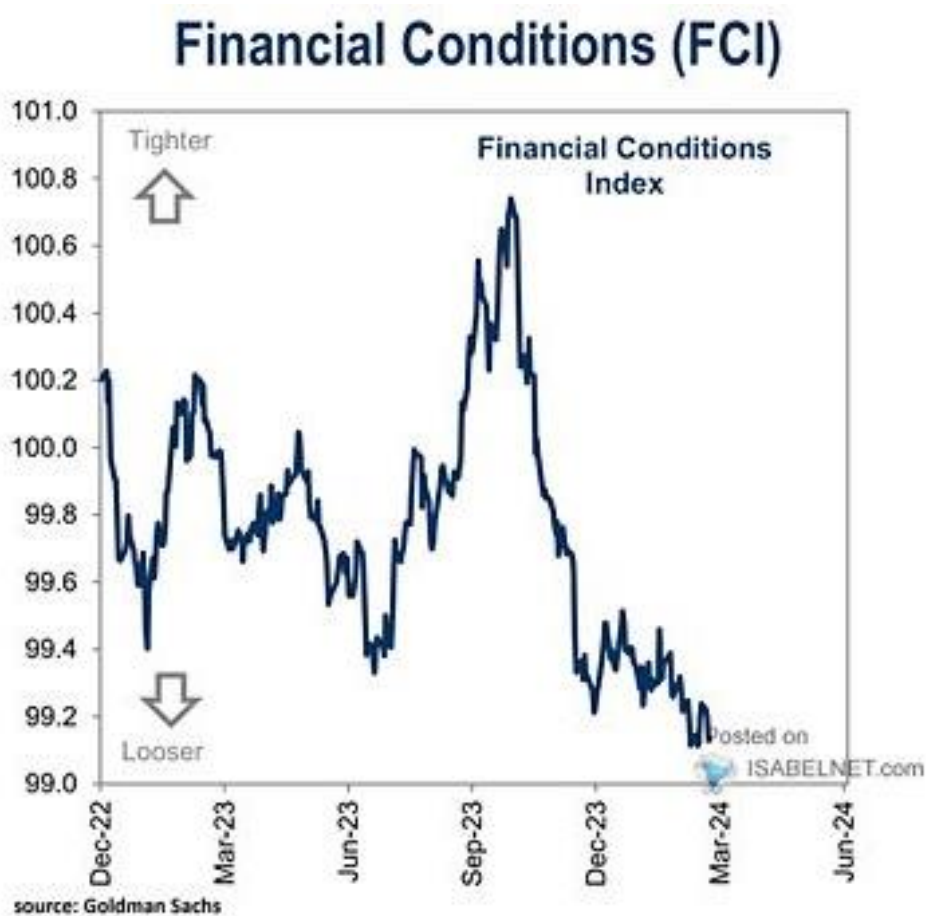


Source: www.zerohedge.com, Bloomberg

#centralbanks

#us #financial-conditions

A VERY IMPORTANT CHART >>> financial conditions are now easier than they were before the Fed started to hiking rates. The decline is equivalent to about 100bps of rate cuts which gives the Fed breathing room to cut rates.



Source: /t @ISABELNET_SA, Lance Roberts

#centralbanks

#powell #hawkish #speech #friday

Powell spoke today. Some headlines:

*POWELL: CAN HOLD RATES STEADY IF INFLATION DOESN'T COME DOWN

*POWELL: DON'T THINK RATES WILL RETURN TO PRE-PANDEMIC LEVELS

*POWELL: ECONOMY NOT SUFFERING FROM THIS LEVEL OF RATES

*POWELL: NO REASON TO THINK ECONOMY IN OR ON EDGE OF RECESSION

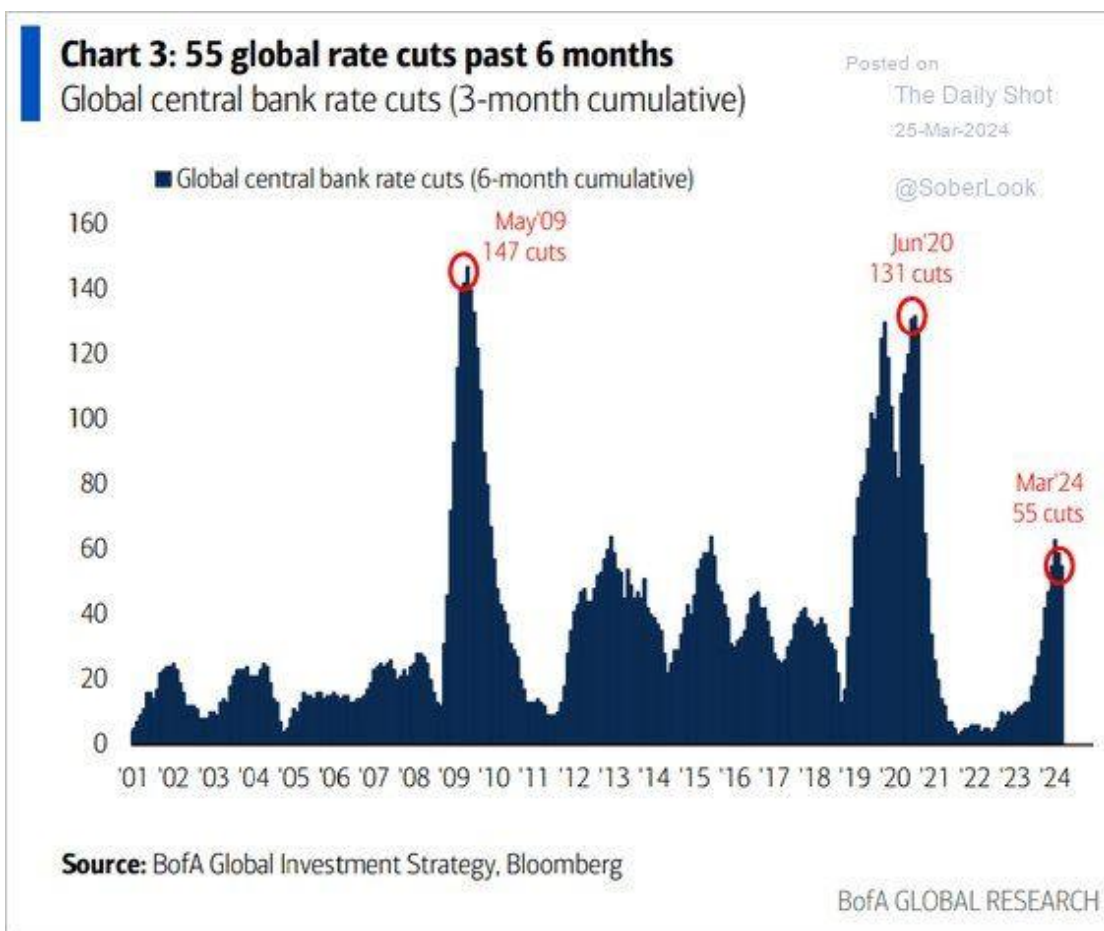
Only one market is open today ... crypto/Bitcoin. It is sold off as Powell spoke, Views his talk as hawkish.



#centralbanks

#global #rate-cuts

Central banks cut rates at the fastest pace since heading into the pandemic.

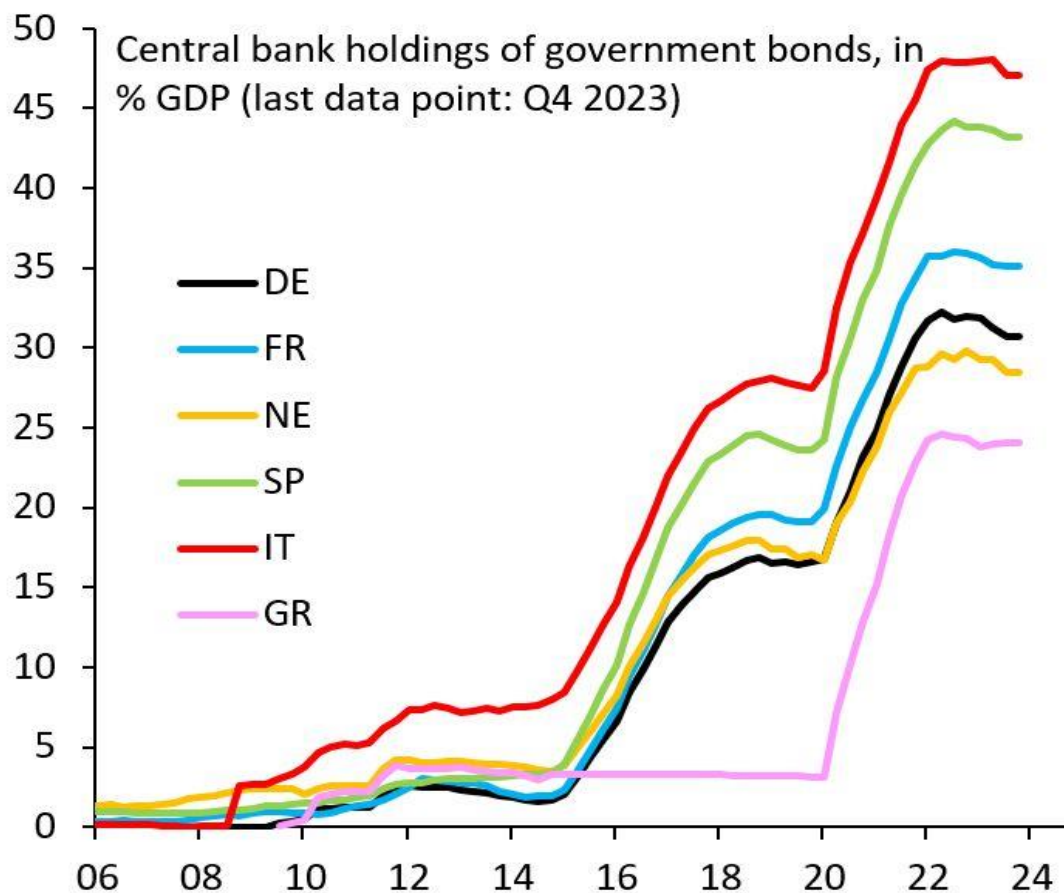


Source: BofA, The Daily Shot

#centralbanks

#central-banks #government-bonds #holdings

Below central bank holdings of government bonds... Greece was excluded from ECB QE under Draghi, but was included in COVID QE, giving it a big boost (pink). Greece then undermined the G7 cap on Russia at every turn, protecting its shipping oligarchs at the expense of the EU. If you can't behave properly, there should be no QE...

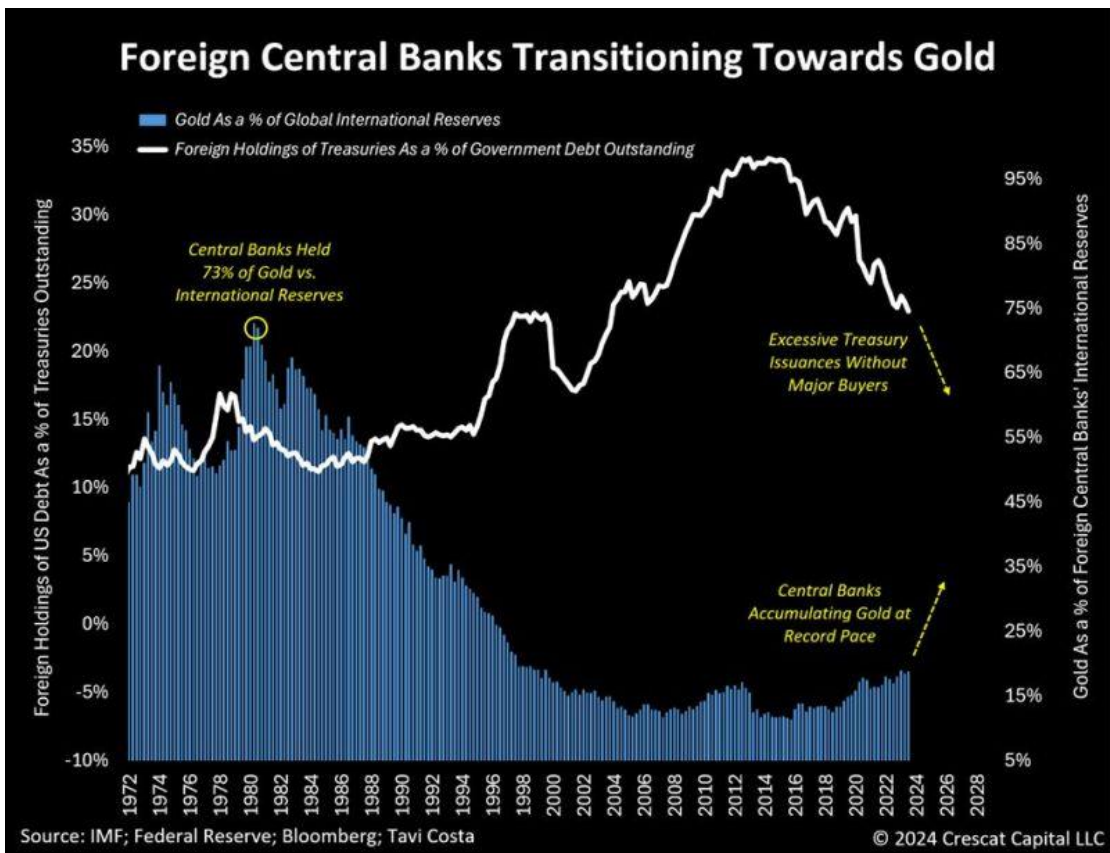


Source: Robin Brooks

#centralbanks

#gold #accumulation

Gold's role as a neutral asset with millennia of history as money is experiencing a resurgence relative to US Treasuries for global central bank reserve accumulations.

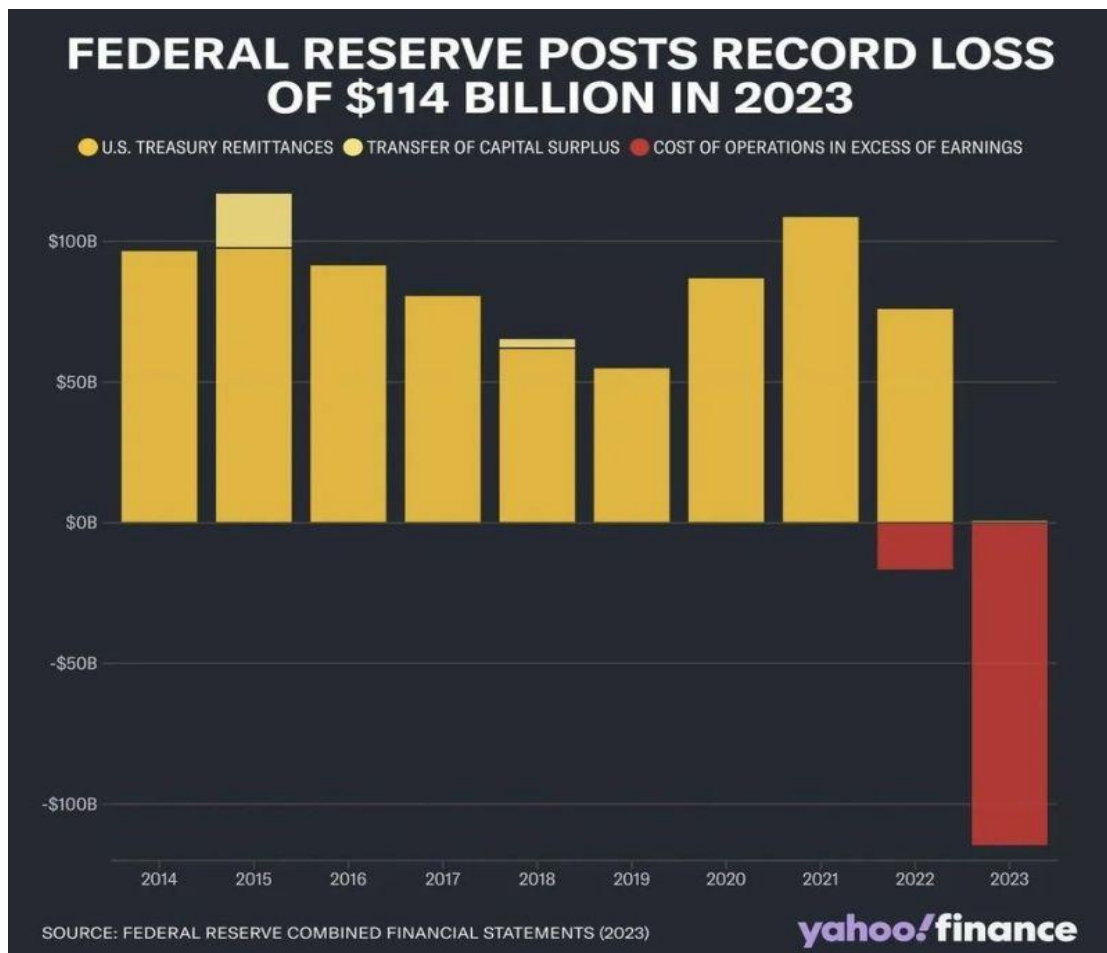


Source: Tavi Costa, Bloomberg

#centralbanks

#fed #loss

BREAKING: Federal Reserve. The Fed said on Tuesday that it officially saw a net negative income of \$114.3 billion in 2023, a record loss tied to expenses related to managing the U.S. central bank's short-term interest rate target. The loss last year follows \$58.8 billion in net income in 2022, the Fed said.

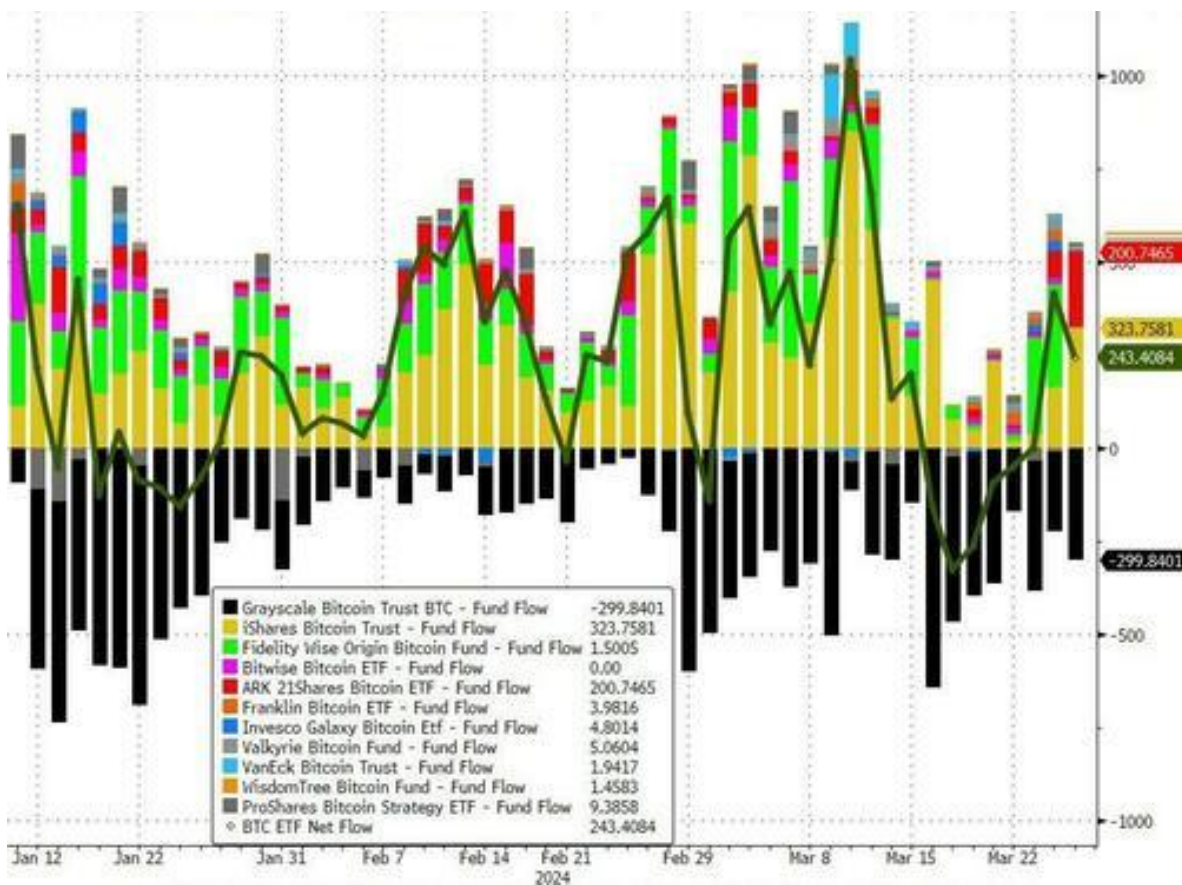


Source: Barchart



#q1 #review #bitcoin #etfs #flows

Q1 was dominated by bitcoin headlines - as the newly minted ETFs saw unprecedented inflows...

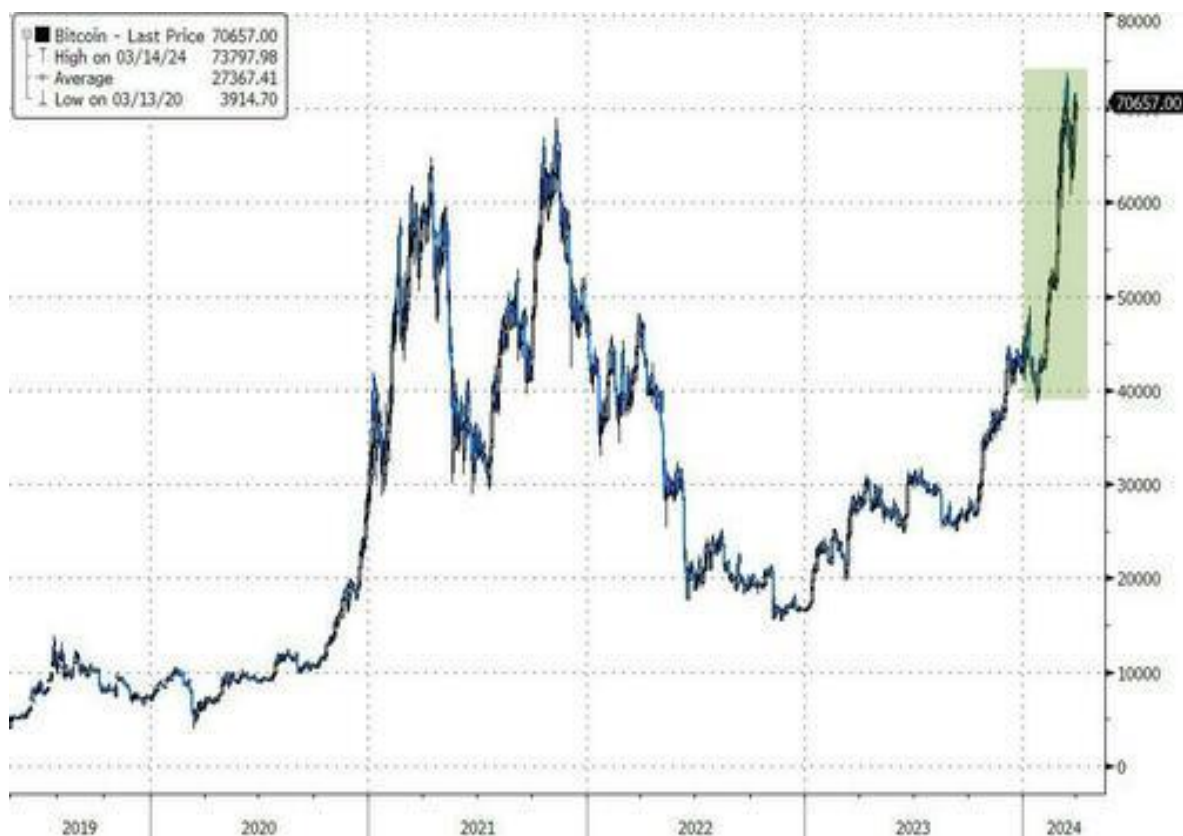


Source: www.zerohedge.com, Bloomberg



#q1 #review #bitcoin

The ETF bet inflows helped push Bitcoin to a new record high (in USD)...



Source: www.zerohedge.com



#q1 #review #cryptocurrencies

Ethereum also soared in Q1 (up 55%) but Solana outperformed...



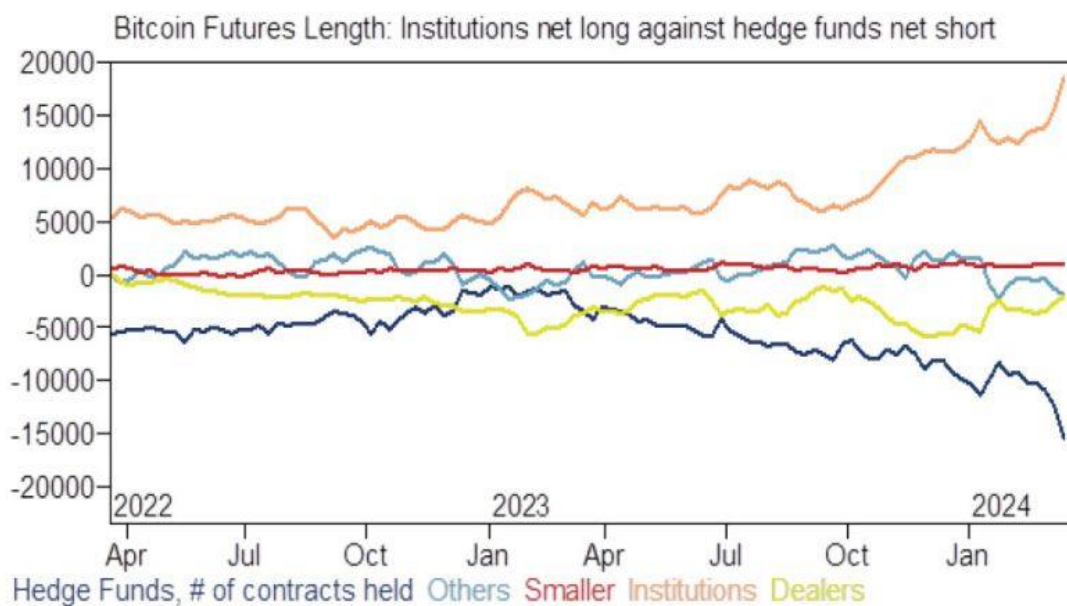
Source: www.zerohedge.com





#bitcoin #futures #shorts

Goldman: "The institutional Bitcoin net long and hedge fund Bitcoin net short lengths are at record levels". Is another epic squeeze coming?



Source: www.zerohedge.com



#bitcoin #real-estate

Price of a home in the US (median price) vs. bitcoin over time

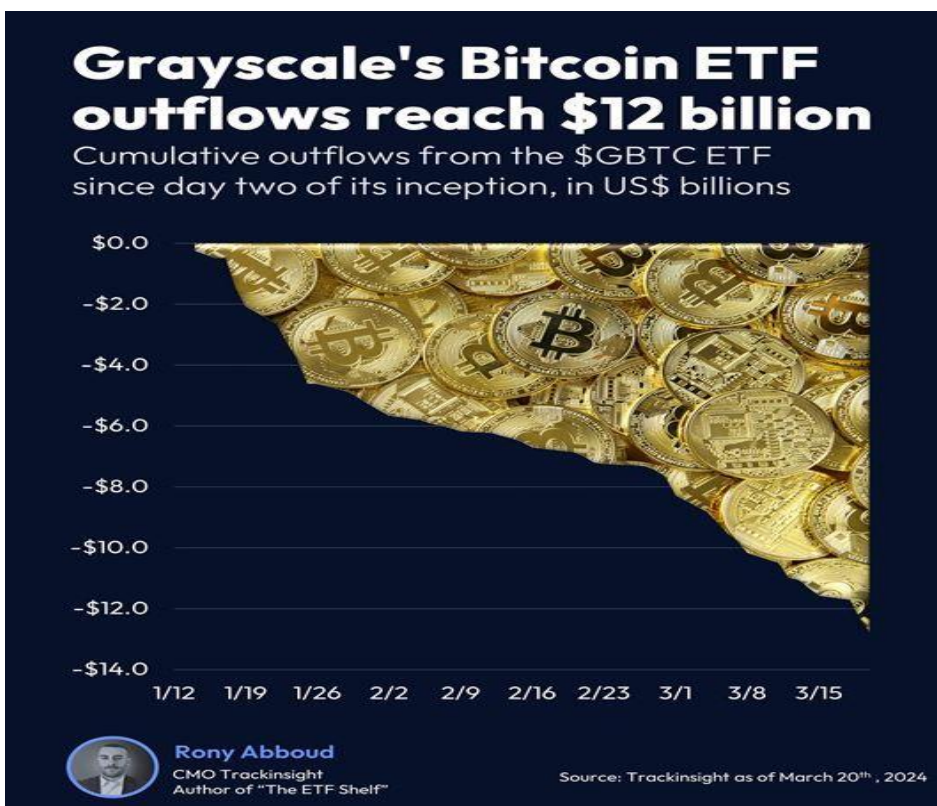


Source: coinsauce



#grayscale #bitcoin #selling

Grayscale Bleeding Out. Investors have been withdrawing funds from Grayscale’s Bitcoin ETF since it transitioned to an ETF on Jan. 10, totaling over \$12 billion in outflows by Thursday. Despite the rise in Bitcoin's price, the ETF's assets dropped to \$23 billion, while new Bitcoin ETFs gained traction. Grayscale anticipates further outflows due to profit-taking and creditor repayments. CEO Michael Sonnenshein mentioned plans to reduce fees gradually from the current 1.5%.





#ethereum #spot #etf

Fidelity files S-1 form for Spot Ethereum ETF with staking included.

As filed with the Securities and Exchange Commission on March 27, 2024
Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIDELITY® ETHEREUM FUND
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

99-6342530
(I.R.S. Employer
Identification Number)

c/o FD Funds Management LLC
Rachel Nelson
245 Summer Street V13E
Boston, MA 02210
(800) 343-3548

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copy to:

Morrison C. Warren, Esq.,
Chapman and Cutler LLP
320 South Canal Street
Chicago, IL 60606
(312) 845-3484



Source: Eric Bachunas

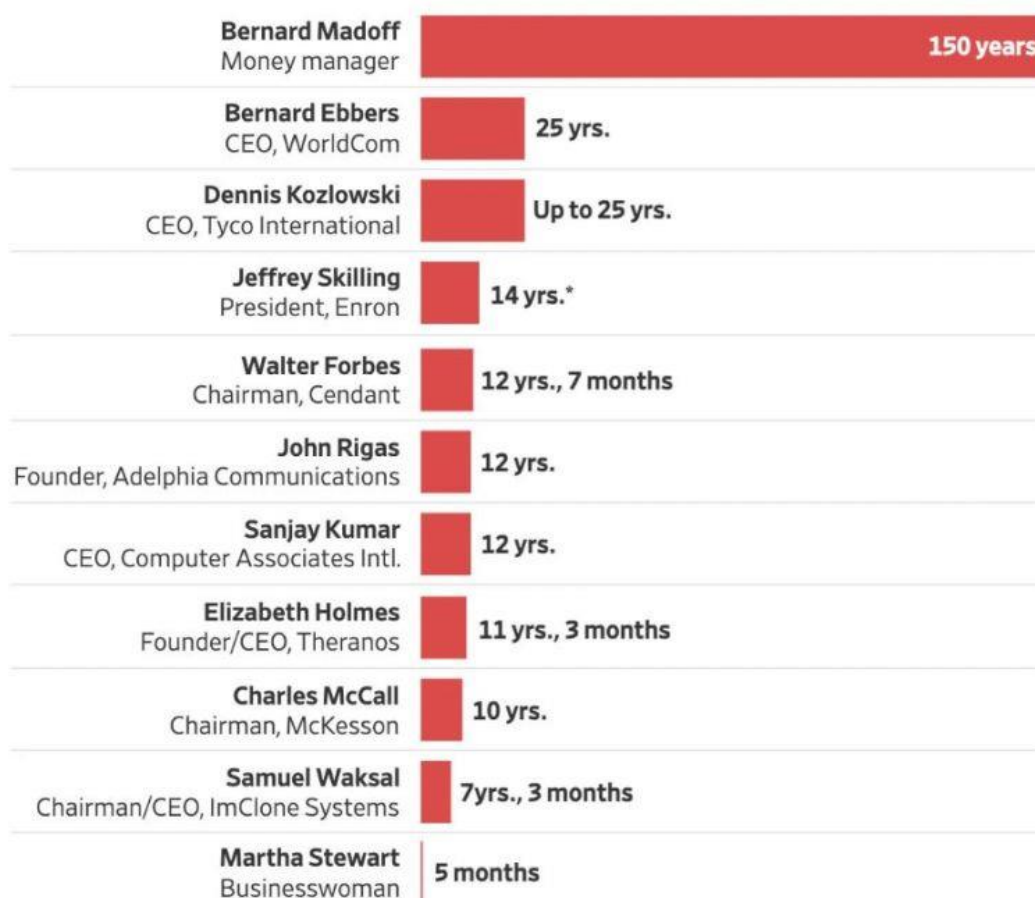
#food-for-thought

#sbf

Sam Bankman-Fried sentenced to 25 years in prison

Prison Sentences Compared

Sentences in some prominent white-collar fraud cases



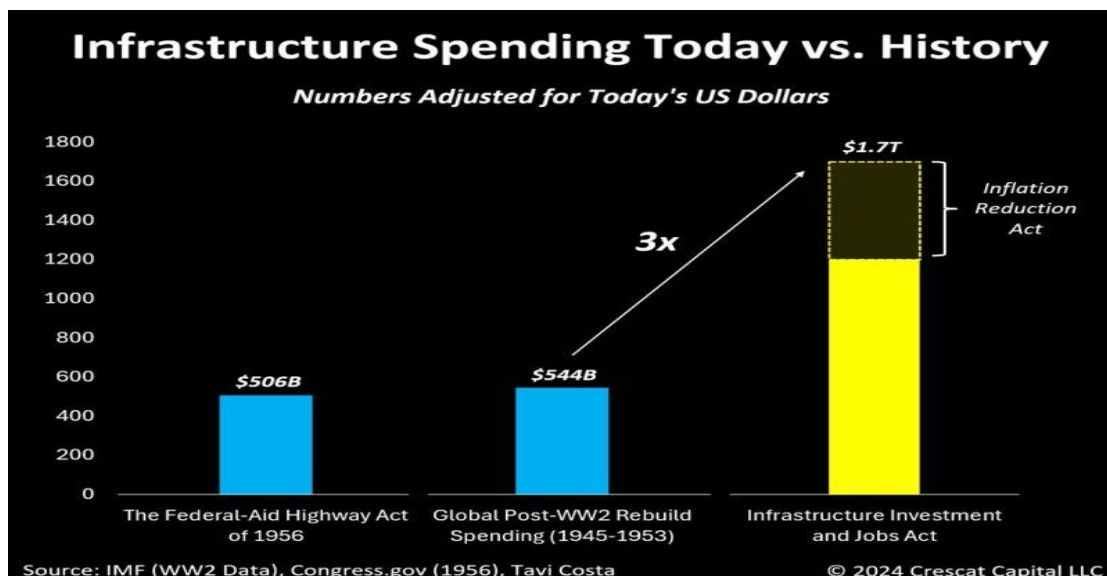
*Initial sentence of 24 years
Sources: U.S. Department of Justice; news reports

Source: WSJ, Evan

#food-for-thought

#us #infrastructure-spending

As highlighted by Tavi Costa, today’s US infrastructure spending is likely to dwarf what we experienced during the rebuild period post-WWII by the US and the rest of the world. Escalating geopolitical tensions and growing disagreements among nations are incentivizing countries to bolster their self-reliance in domestic operations. These circumstances are poised to catalyze what could evolve into one of the most ambitious infrastructure initiatives in history, with the potential to be highly inflationary. The last major infrastructure push in the United States occurred in 1956 with the National Interstate and Defense Highway Act under President Dwight D. Eisenhower. Initially budgeted at \$25 billion, equivalent to approximately \$207 billion in today's currency.



Source: Tavi Costa, Crescat Capital, Bloomberg



#food-for-thought

#us #debt #humor

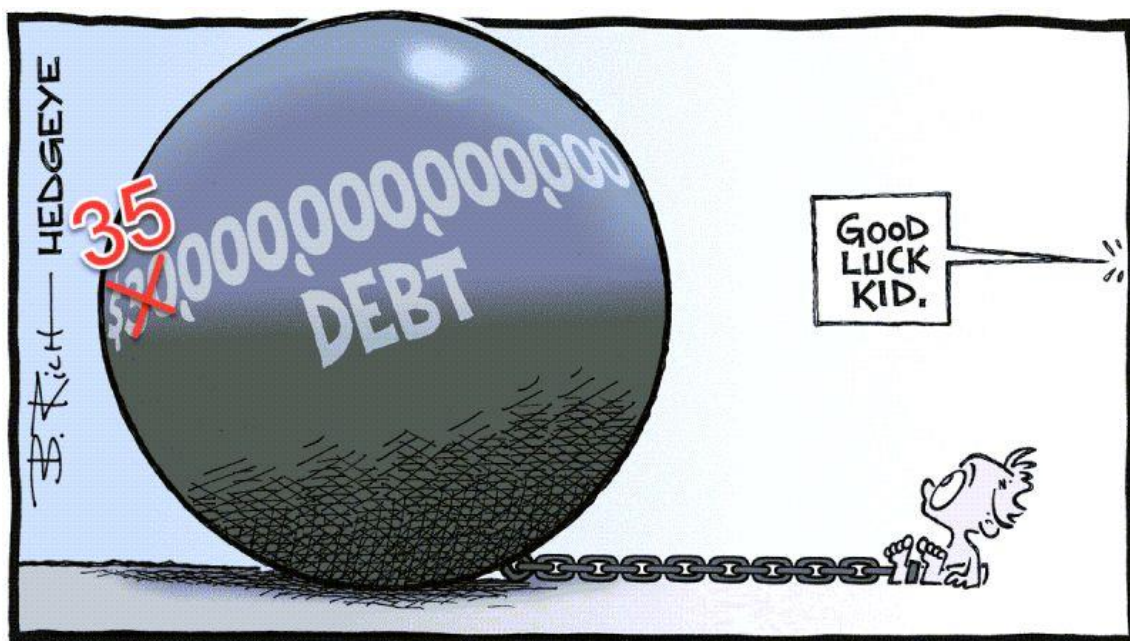
Cartoon of the Day 📈 🌐 \$34.6 TRILLION and counting... Are we past the point of no return?



Source: Hedgeye

#food-for-thought

#us #debt #humor

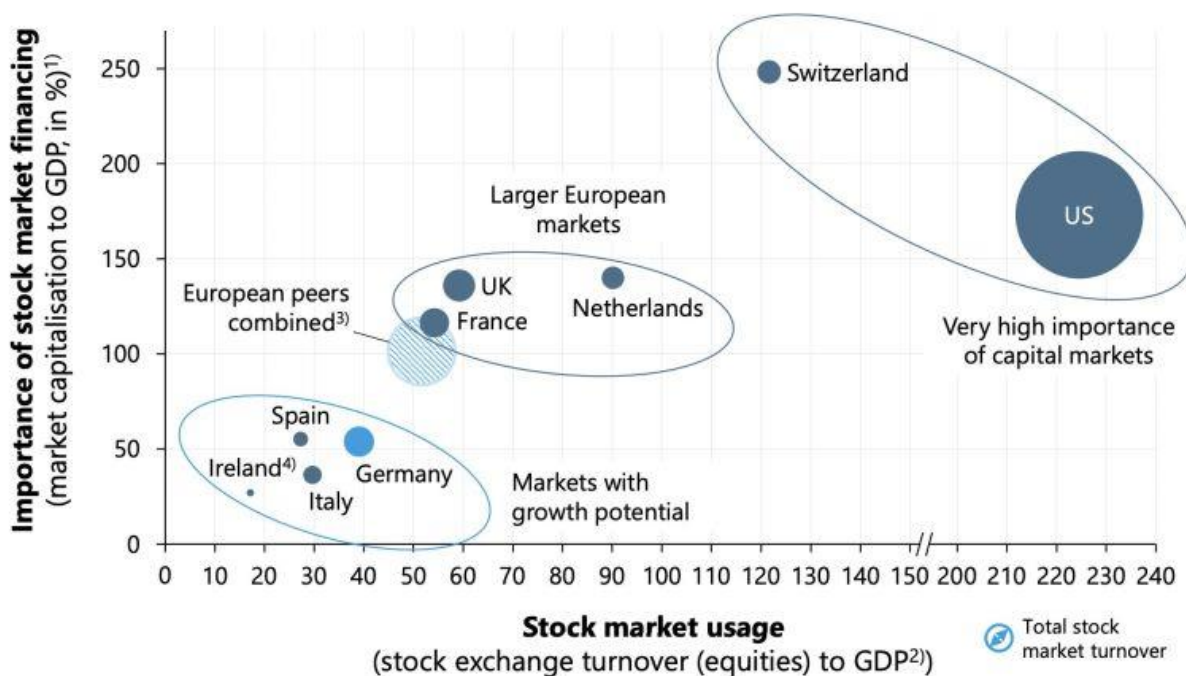


Source: Hedgeye

#food-for-thought

#capital-markets #importance

The importance of capital markets for selected economies in one chart.

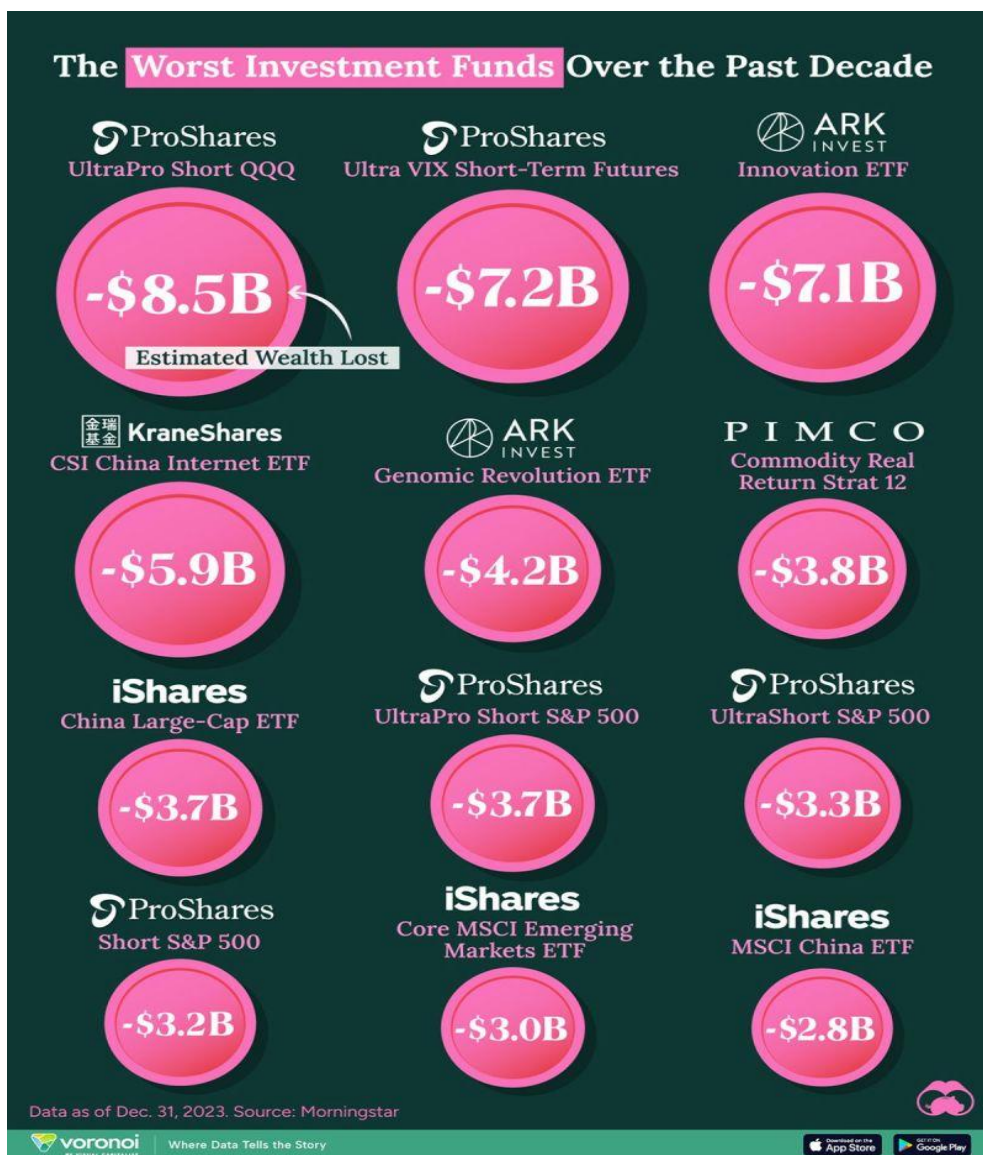


Source: HolgerZ

#food-for-thought

#fund #performance

The 12 Worst Investment Funds Over the Past Decade 

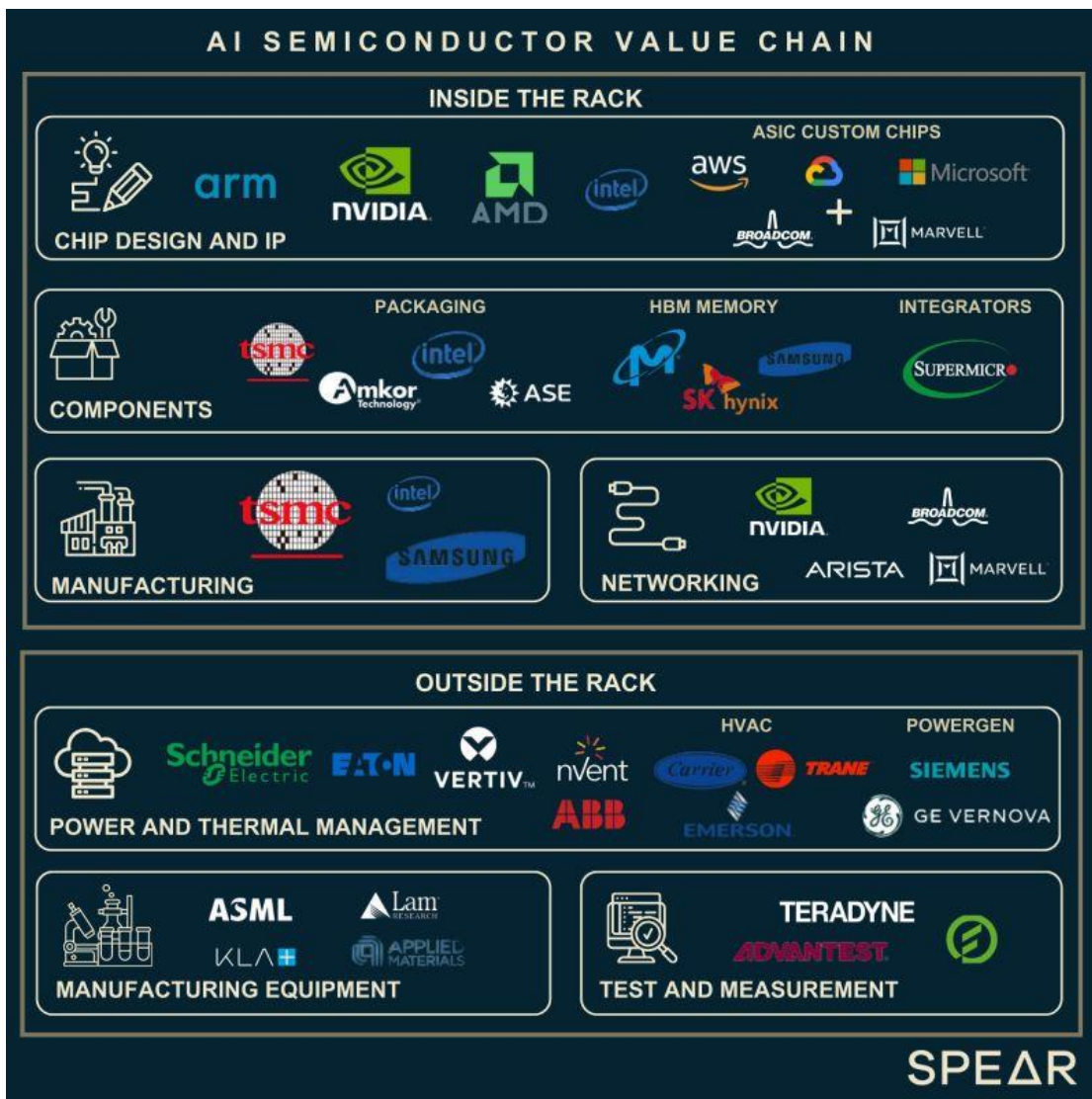


Source: [Visual Capitalist](#)

#food-for-thought

#ai #value chain

The AI data center value chain

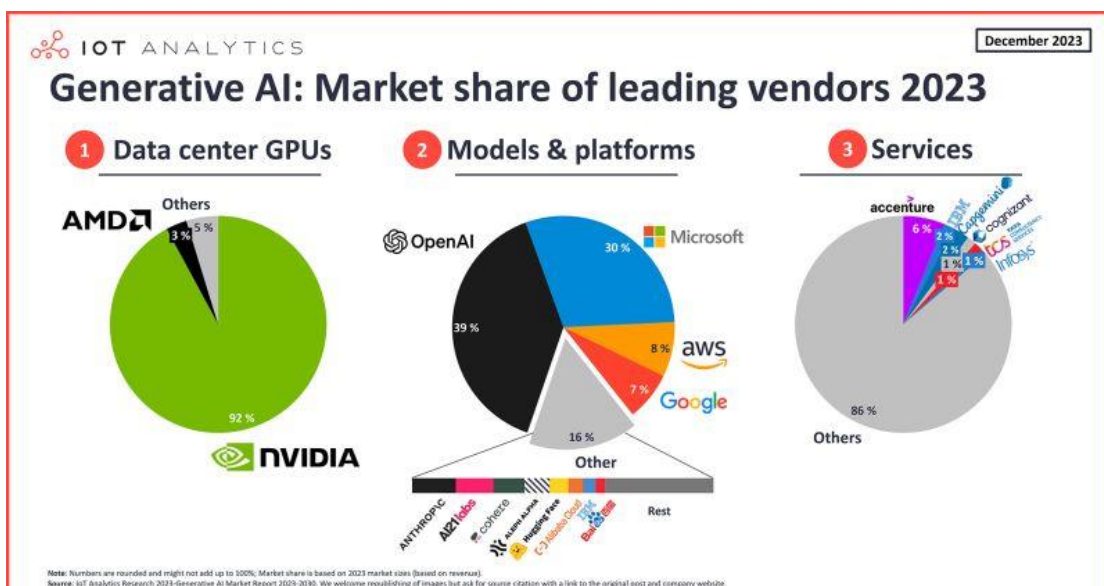


Source: Evan

#food-for-thought

#generative-ai #vendors

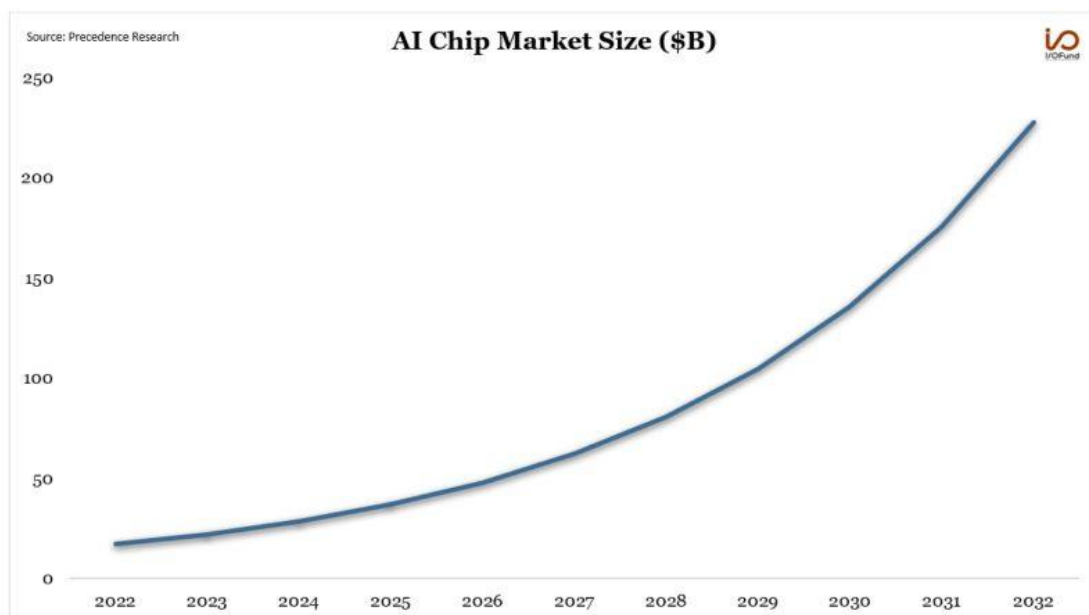
Generative AI: Market share of leading vendors



#food-for-thought

#ai #market-size

The AI chip market size is forecasted to grow at a CAGR of 29% through 2032 driven by the rising adoption of artificial intelligence across various industries, coupled with the growing demand for high-bandwidth memory, rapid computation, and parallel processing capabilities.

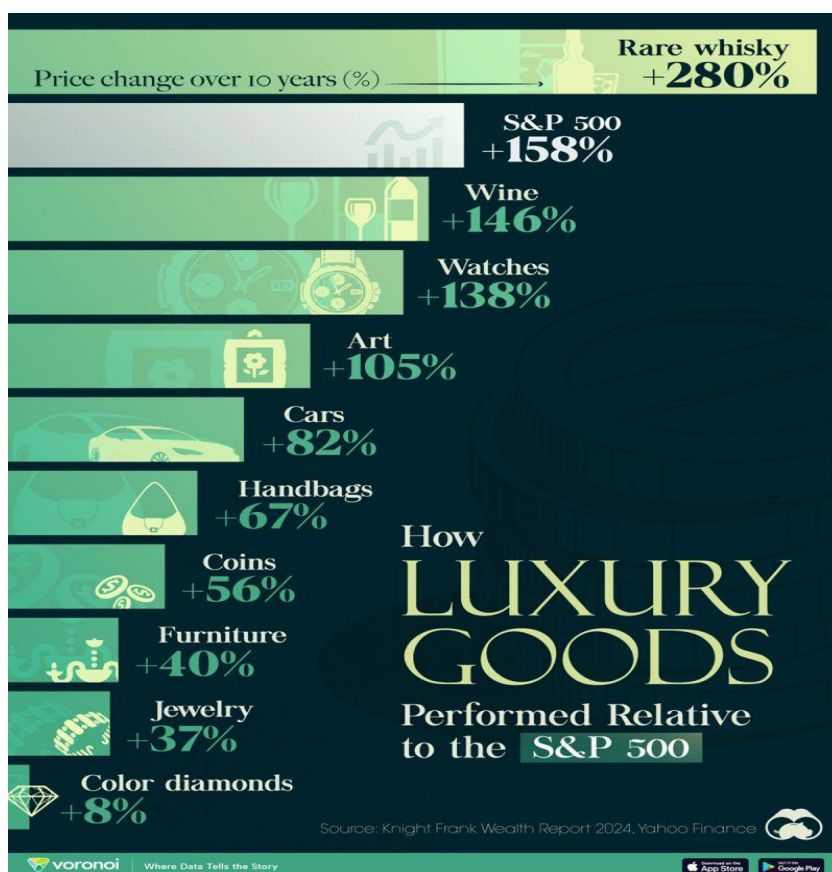


Source: Beth Kindig

#food-for-thought

#luxury #returns

Some of the world’s ultra-wealthy spend their money on luxury goods such as fine wines, expensive watches, or one-of-a-kind art pieces as a passion, but others consider them investments—and their returns do often end up paying off. The chart into the 10-year performance of various luxury good classes as of Q4 2023, according to the Knight Frank Luxury Investment Index released as part of the 2024 Wealth Report.

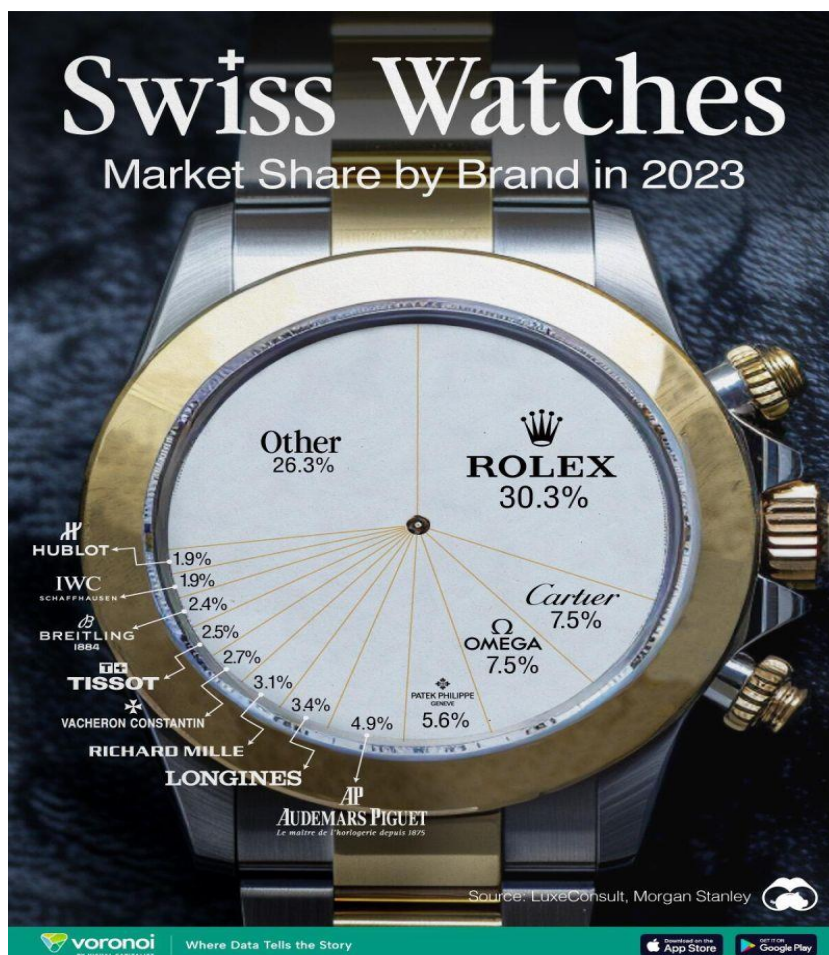


Source: visual capitalist

#food-for-thought

#rolex #market-share

Sales of Rolex watches are believed to have surpassed 10 billion Swiss francs (\$11.2 billion) for the first time in 2023, significantly outpacing rivals like Cartier CHF 3.1 billion (\$3.5 billion) and Omega CHF 2.6 billion (\$2.9 billion). Additionally, Rolex has strengthened its dominant position in the market, capturing a remarkable 30.3% retail market share.



Source: Visual Capitalist, www.zerohedge.com

#food-for-thought

#workforce #motivations

In any thriving workplace, skilled workers often choose to remain because they are rewarded with good benefits and incentives.

TOP 11 REASONS WHY TALENTED EMPLOYEES STAY

Source: Kittleson & Carpo Consulting | Infographic design by agrassoblog.org for educational and motivational purposes



Source: agrassoblog.org

#food-for-thought

#starbucks #locations

Starbucks is now the second-biggest restaurant on Earth. In a shift in the fast-food landscape, Starbucks has surged past Subway to claim the title of the world’s second-largest restaurant chain. According to data from Technomic, Starbucks outpaced Subway last year, boasting an impressive 38,587 locations globally, while Subway trailed behind with a total of 36,516 outlets. Above both these chains sits McDonald’s, with 41,882 locations throughout the world (roughly one-third of which are in the U.S.).



Source: technomics

#food-for-thought

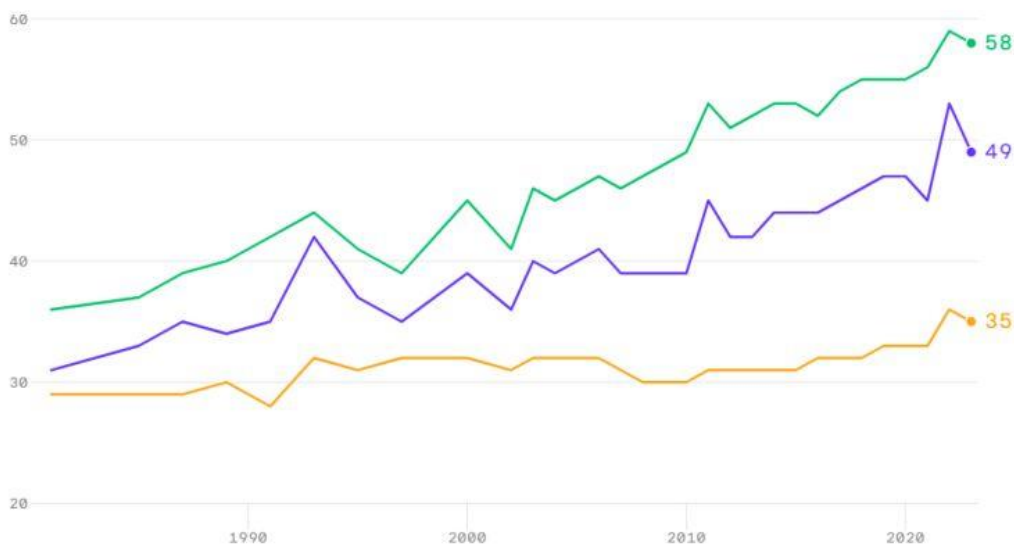
#us #homebuyers

America's Homebuyers Are Getting Older. First-time buyers were a median of 35 in 2023 — up from 31 in 2013 and 29 in 1981. Repeat buyers were 58 — up from 52 in 2013 and 36 in 1981.

Median age of homebuyers

1981 to 2023

Repeat buyers All buyers First-time buyers



Data: National Association of Realtors; Chart: Axios Visuals

Source: axios

#food-for-thought

#social-media #florida

Florida Governor Ron DeSantis (R) just signed into law HB 3, a bill that will give parents of teens under 16 more control over their kids' access to social media and require age verification for many websites. The bill requires social media platforms to prevent kids under 14 from creating accounts, and delete existing ones. It also requires parent or guardian consent for 14- and 15-year-olds to create or maintain social media accounts and mandates that platforms delete social media accounts and personal information for this age group at the teen's or parent's request. Companies that fail to promptly delete accounts belonging to 14- and 15-year-olds can be sued on behalf of those kids and may owe them up to \$10,000 in damages each. A "knowing or reckless" violation could also be considered an unfair or deceptive trade practice, subject to up to \$50,000 in civil penalties per violation.



Source: the verge

#food-for-thought

#z-score #probabilities

What is the Altman Z-Score?

ALTMAN Z-SCORE

← BRIAN FEROLDI →

What is the Altman Z-Score?

A statistical measure used to predict the probability of a company going bankrupt.

$\frac{\text{Working Capital}}{\text{Total Assets}}$	$\frac{\text{Retained Earnings}}{\text{Total Assets}}$	$\frac{\text{EBIT}}{\text{Total Assets}}$	$\frac{\text{Market Cap}}{\text{Total Liabilities}}$	$\frac{\text{Sales}}{\text{Total Assets}}$
Z = 1.2 A	+ 1.4 B	+ 3.3 C	+ 0.6 D	+ 1.0 E

Distress Zone

Grey Zone

Safe Zone

0 1.8 3.0 4.0+

ProfitCo

	Year 1	
Working Capital	\$2,000	
Total Assets	\$10,000	
Working Capital to Total Assets 20%		
Retained Earnings	\$3,000	
Retained Earnings to Total Assets 30%		
EBIT	\$2,500	
EBIT to Total Assets 25%		
Market Cap	\$12,000	
Total Liabilities	\$5,000	
Market Cap to Total Liabilities 2.4		
Sales	\$20,000	
Sales to Total Assets 200%		
Altman Z-Score $(1.2 \times 20\%) + (1.4 \times 30\%) + (3.3 \times 25\%) + (0.6 \times 2.4) + (200\%) = 4.925$		

Distress Zone

Grey Zone

Safe Zone

0 1.8 3.0 4.0+

Follow Brian Feroldi on

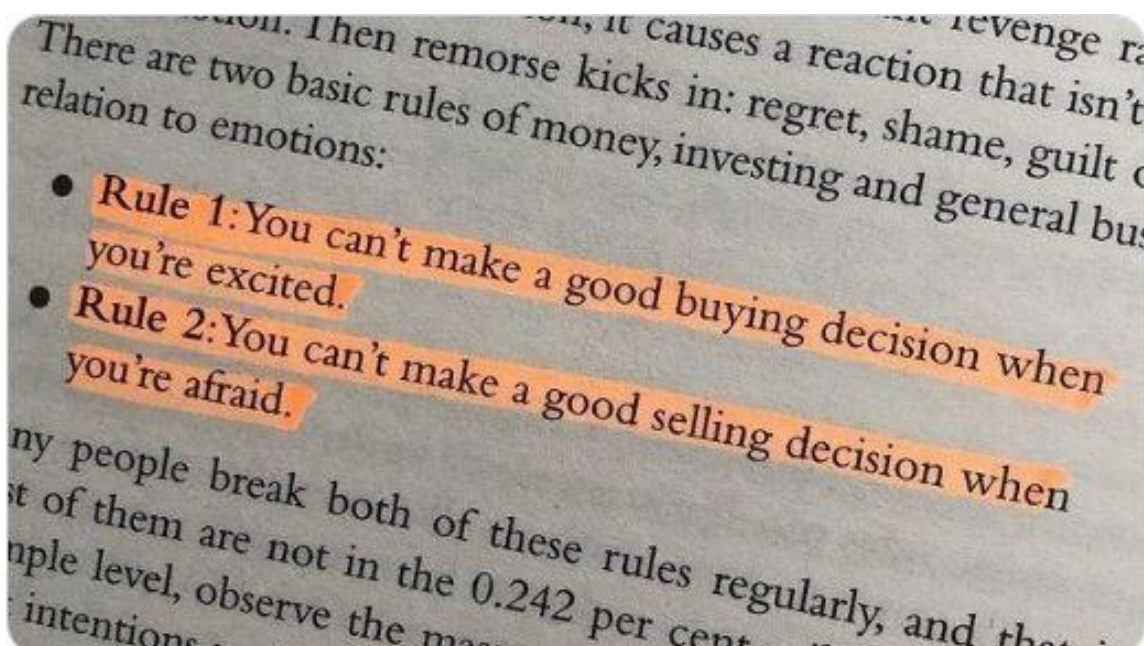
LongTermMindset.co

Source: [Brian Feroldi](#)

#food-for-thought

#market #emotions

Warren Buffett once said, “Until you can manage your emotions, don’t expect to manage money.”



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For the future...